

EXAMINING NUCLEAR NEGOTIATIONS: IRAN AFTER ROUHANI'S FIRST 100 DAYS

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EXAMINING NUCLEAR NEGOTIATIONS: IRAN AFTER ROUHANI'S FIRST 100 DAYS

WEDNESDAY, NOVEMBER 13, 2013

**HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
*Washington, DC.***

The committee met, pursuant to notice, at 10:08 a.m. in room 2172, Rayburn House Office Building, Hon. Ed Royce (chairman of the committee) presiding.

Chairman ROYCE. This hearing in the House Foreign Affairs Committee is on Examining Nuclear Negotiations: Iran After Rouhani's First 100 Days. We are going to evaluate the current state of nuclear diplomacy with Iran. And, of course, last week world powers in Iran held a second round of negotiations in Geneva. These are historical talks with a potentially profound impact on the national security interests of the United States.

The administration is looking to negotiate an interim agreement in which Iran commits to placing some limits on its nuclear program for 6 months in exchange for immediate and significant sanctions relief with reportedly as much as \$50 billion in frozen oil revenues being released as part of the agreement. This deal was not reached in Switzerland.

Some U.S. allies believe the Iranian commitment was insufficient. Of great concern, the proposal failed to adequately address Iran's heavy water reactor. The proposal also, Members, would allow Iran to continue to enrich uranium and would allow Iran to continue to build centrifuges. The French Foreign Minister warned of a fool's game, in his words.

There is growing concern in Congress that the outlines of this agreement do not meet the standards needed to protect the United States and to protect U.S. allies. Central to these talks is the issue of uranium enrichment and reprocessing. These technologies can produce the explosive material needed for a nuclear weapon. Indeed that is why Iran wants the capability, and that is why multiple U.N. Security Council resolutions have reiterated one demand, and that demand is that all of Iran's enrichment activities, regardless of their purpose, must be suspended.

On this question the world has spoken decisively, but the administration envisions permitting Iran to enrich to low levels. Regardless of the name, low-enriched uranium and medium-enriched uranium are close to weapons-grade highly enriched uranium. That is because the effort needed to produce weapons material eases as you advance. Nonproliferation experts tell us that while medium-

enriched uranium is nearly weapons grade, low-enriched uranium still represents seven-tenths of the effort to get to weapons grade.

Of course, Iran continues to assert that the nonproliferation treaty grants it the so-called right to pursue these dangerous technologies. We must remember, and I would suggest we must insist, that the treaty was designed to stop the proliferation of nuclear weapons. Simply because a nuclear activity can be used for people for peaceful purposes does not mean the NPT's members have an unconditional right to pursue or acquire it, let alone a country that has actively deceived the international community and violated its International Atomic Energy Agency nuclear safeguard agreements. Iran can have peaceful energy, peaceful nuclear energy, but not with the access to technology that could be used to advance a weapons program.

There is the question of sanctions, which have been painstakingly developed by Congress over many, many years. Sanctions have battered the Iranian economy not just because of their depth, not just because of the breadth of the sanctions, but because of the market forces at play. International companies seeking to avoid their web, the web of sanctions, steer clear of Iran. As one witness has written, Iran sanctions have been as much psychological as legal. The easing of sanctions, no matter how minor they may seem—and the Geneva sanctions relief was not minor—the easing of those sanctions could deflate these forces, eliminate our leverage, and indeed remove the reason, 600 billion in capital flight out of the country, the very reason that Iran is at the table today.

Sanctions have forced Iran to the table. We should build upon the success with additional measures like those now pending in the Senate to compel Iran to make meaningful and lasting concessions. The Iranian regime hasn't paused its nuclear program; why should we pause our sanctions efforts as the administration is pressuring Congress to do? Only when the Iranian regime is forced to decide between economic collapse or compromise on its rush to develop a nuclear weapons capability do we have a chance to avoid that terrible outcome.

I will now turn to the ranking member for any opening comments he may have. Mr. Engel of New York.

Mr. ENGEL. Thank you very much, Mr. Chairman. I want to thank you for holding this important hearing and to welcome all of our witnesses here this morning. I look forward to hearing their testimony.

In late September Chairman Royce and I wrote an op-ed about Iran's new President Hassan Rouhani. We were curious if beyond the charm offensive and gentle smile, he would use his first 100 days in office to attempt to fundamentally change the direction of the Iranian Government and demonstrate a genuine willingness to end Iran's nuclear weapons program. The chairman and I wrote this op-ed piece together because we thought it was important to show a congressional unity on such an important issue as Iran.

And after Rouhani's first 105 days in office, it is clear to me that Iran still poses a significant threat to the United States and to our allies. Iran remains the world's top state sponsor of terrorism, and continues to support Hezbollah. They are actively supporting the Assad regime in Syria, which has slaughtered tens of thousands of

innocent civilians, and they are working to destabilize our allies in the gulf.

But the biggest threat so far, by far, is Iran's continuing effort to develop a nuclear weapons capability. Many experts believe that Iran is approximately 1 year away or maybe even less from acquiring this capability, and we must do everything possible to prevent that from happening.

The successive sanctions bills crafted by this committee and signed into law by President Obama, taken together with international sanctions, have had a devastating impact on Iran's economy. Iran is having trouble selling its oil in the global markets, has been cut off from the international financial system, and is starved for hard currency. This intense pressure brought Iran back to the negotiating table, and this pressure must be maintained, and strengthened if necessary, until Iran has taken verifiable steps to freeze and even dismantle this nuclear weapons program.

The Iranians are masters at negotiation for the sake of buying time. We must remember that Rouhani formerly served as Iran's chief nuclear negotiator, and he has bragged about deceiving the West in previous negotiations.

Now, some people say he is a reformer. I don't believe he is a reformer because no reformers were allowed to run for President. He may be the most moderate of all the hardliners that were allowed to run, but he is no reformer. The reformers were all eliminated. And it is not clear to me that even if he decided or desired to do so, that he would be able to take Iran into a new direction. It appears to me that the Supreme Leader Ayatollah Khamenei still has the power, and so we really just don't know where we are going.

So while we must have a genuine openness to a diplomatic process that resolves all outstanding issues, we must judge Iran by its actions, not by any rhetoric that we might hear. And, by the way, the rhetoric that Rouhani came back to Tehran and spoke to the Iranian Parliament is rhetoric with hard line and not much different from what we have heard over the past several years.

About 4 weeks ago the Iranians came to Geneva with what some thought appeared to be a new attitude. For the first time they admitted that the sanctions were hurting them badly. And for the first time they started talking about the specifics of an agreement.

Since that initial meeting, technical experts from the P5+1 have met with their Iranian counterparts to discuss the contours of a possible deal, and at the end of last week another key meeting took place at the ministerial level. Much has been reported in the press about this latest meeting, the offer that was left on the table, and the reactions of Iran and the P5+1. Let us be clear: None of us here today were at the negotiating table, and as far as I know, none of us have yet been briefed on the details, so I think it would be wise for all of us to speak with some degree of caution until all the facts are known.

But having said that, I am deeply troubled by reports that the proposed agreement would not have required Tehran to stop all enrichment. If Iran intends to show good faith during these talks, I believe it must at a minimum abide by United Nations Security Council resolutions calling for a halt to enrichment, and it is my hope that we achieve much more.

In addition, I forcefully reject any notion that Iran has a right to enrichment, and that is the position the administration has publicly supported on many occasions. The bottom line for me is this: If these talks are about Iran abandoning its nuclear program, then to show good faith at the very least while the talks are going on, Iran should stop enrichment, period.

Given the failure to reach an agreement in Geneva, I believe it is time for my colleagues in the Senate to take up the Iran sanctions legislation that I coauthored with Chairman Royce and which the House passed overwhelmingly this summer. We must make it crystal clear to Iran that even tougher sanctions are coming down the pike if the regime is unwilling to take concrete and verifiable steps to freeze and then dismantle its nuclear weapons program.

I know the Secretary of State has a profound interest in the legislation Congress is considering on Iran. I hope the administration understands that we cannot take their concerns fully into account, nor truly understand events at the negotiation table, or grasp the impact our legislation may have on their efforts if they do not do a better job of keeping Congress informed and taking into account what Congress thinks.

I support the President's effort to engage Iran and believe we must continue to explore every diplomatic option to resolve this crisis. Nobody wants another conflict in the Middle East, but we must also recognize the fact that Iran is getting closer and closer to a nuclear weapons capability with each passing day. There is still time to test Iran's intentions, but that time is growing short.

So, Mr. Chairman, thank you again for holding this hearing. I look forward to hearing the suggestions from our witnesses about the next best steps to take to tackle this difficult problem.

Chairman ROYCE. Thank you, Mr. Engel.

We go now to the chair of the Middle East Subcommittee, Ileana Ros-Lehtinen of Florida.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman.

As we know, in September Secretary Kerry said that a bad deal is worse than no deal on the Iranian nuclear negotiations, yet now reports indicate that the administration was willing to offer Iran limited sanctions relief in return for a 6-month pause to only some of its nuclear program. The administration has seemingly acquiesced to the idea of a nuclear-armed Iran and has failed to learn from past negotiations with that rogue regime.

We must not accept Iran's false claim to the right of enrichment, nor should we offer to ease any sanctions on this murderous regime. Iran would be able to quickly start up its enrichment program due to its advanced centrifuges without irreparably harming its objectives. But if we step back on our sanctions, it will be extremely hard to reinstate them.

There must be no deal that does not include a full and verifiable dismantling of all of Iran's nuclear facilities, and until Iran is ready to accept those terms, we must continue to increase the pressure by fully implementing sanctions on the book and enacting even stricter sanctions.

Thank you, Mr. Chairman.

Chairman ROYCE. Thank you.

Mr. Ted Deutch of Florida is ranking member of the Middle East Subcommittee.

Mr. DEUTCH. Thank you, Chairman Royce and Ranking Member Engel, for calling this hearing.

Let me be absolutely clear: The international community cannot permit Iran to obtain nuclear weapons capability, and every option must remain on the table to ensure that it does not. This conflict will only end when Iran ends its effort to acquire nuclear weapons and we can verify this action with full and total confidence.

We know this Iranian regime has misled the international community for years, claiming only peaceful intentions while installing thousands of advanced centrifuges and building a heavy water reactor at Arak. It is time to put Iran to the test. Any agreement, partial or full, should do this: Iran must immediately come clean about its entire nuclear program. Iran should respond to the evidence of its nuclear weapons program by granting immediate access to Parchin, the hidden military site that has yet to be open to international inspectors, and it should mothball Arak, the heavy water plant that will accelerate the weapons program.

With diplomatic talks resuming in 7 days, I urge our Senate colleagues to continue to advance this sanctions legislation. It is the crushing economic sanctions that force the Iranians on a march to the negotiating table. Tougher sanctions will not, as some have suggested, rule out a diplomatic resolution; they will strengthen our ability to get one that ends Iran's nuclear program. This regime must know exactly what is at stake if diplomacy fails.

I yield back.

Chairman ROYCE. Thank you, Mr. Deutch.

We now go to Judge Ted Poe of Texas, chairman of the Terrorism and Nonproliferation Subcommittee.

Mr. POE. Thank you, Mr. Chairman.

Iran has technology-enriched uranium and has developed nuclear weapons with Israel and the United States in its sights. It seems the administration believes that appeasement and lessening sanctions will help negotiate a deal with Iran.

When I met with Israeli Prime Minister Netanyahu last week, he agreed with me that our sanctions are the only reason why Iran is at the table in the first place. He said this proposed deal was the worst deal of the century. I agree.

What Iran wants is to ease the sanctions so that it can continue developing nuclear weapons without the pain of sanctions to its economy. Who would have thought that the French would save us from making a bum deal. The United States must be clear there will be no reductions in sanctions without verified steps to show that Iran is abandoning its nuclear weapons program, not just a temporary freeze on development. Mr. Rouhani is a slick snake oil salesman. He puts his arm around the West and stabs us in back at the same time. They cannot be trusted. No deal, Mr. Rouhani.

I yield back.

Chairman ROYCE. Mr. Brad Sherman of California, ranking member of the Subcommittee on Terrorism and Nonproliferation.

Mr. SHERMAN. Our sanctions program for the last 3 years is one of the very few things that our Federal Government is doing that works. It is one of the very few things that is bipartisan. That is

why we need to do more of it, not less. And that is why the Senate should immediately pass the Nuclear Iran Prevention Act, which passed the House with 400 votes.

An interim deal is a bad idea because what the Iranians get eliminates the threat to regime survival by just reducing the sanctions enough to restore their economy. What we get is at best a few months delay in when they have a nuclear weapon. They can restore their nuclear program at the end of the deal easily by flipping the switch. We will have a hard time reassembling other countries to impose strict sanctions when their businesses want do business as usual. And \$50 billion for them while they continue their plutonium enrichment plant in Arak seems like a bad idea.

It is time to declare that Iran has no right to enrich because it has violated the NPT, and it is time to move toward a final deal in which Iran has—gives up its centrifuges and imports its fuel, just as Canada does, just as Sweden does, just as South Korea does.

I yield back.

Chairman ROYCE. Thank you, Mr. Sherman.

This morning we are pleased to be joined by a distinguished panel of experts on Iran. Mr. Mark Dubowitz is the executive director of the Foundation for Defense of Democracies. He is an expert on sanctions and previously testified before the committee. He has advised the U.S. administration and numerous foreign governments on Iran sanctions issues.

Before joining the American Enterprise Institute, Ms. Danielle Pletka served for 10 years as senior professional staff member for the Near East and South Asia on the U.S. Senate Committee on Foreign Relations. She is currently a vice president of AEI.

Mr. Colin Kahl is an associate professor at Georgetown University. He was previously the Deputy Assistant Secretary of Defense for the Middle East at the Pentagon from 2009 to 2011, serving as senior policy advisor to the Secretary of Defense.

And without objection, the witnesses' full prepared statements will be made part of record. The members here may have 5 days to submit statements or questions or extraneous material for the record. And we will ask, of course, all our witnesses to summarize their testimony to 5 minutes as we have your written testimony in the record.

We will begin with you, Mr. Dubowitz.

**STATEMENT OF MR. MARK DUBOWITZ, EXECUTIVE DIRECTOR,
FOUNDATION FOR DEFENSE OF DEMOCRACIES**

Mr. DUBOWITZ. Thank you, Chairman Royce and Ranking Member Engel, members of the committee. Thank you very much for inviting me to testify to this committee, which really has done so much to enhance coercive diplomacy with Iran through sanctions. It is an honor to be here as well with Dani and with Colin.

Regrettably, the proposed Geneva deal was not likely to keep Iran from developing a nuclear weapon. The French Foreign Minister rightly criticized the proposed agreement because it relaxed economic sanctions, while only reigning in the less important components of Iran's nuclear program. Now, this is not surprising. Over the years no country has been more consistent than France

in recognizing the Iranian regime's mendacity over its nuclear weapons ambitions. With talks set to resume on November 20th, lawmakers who want to encourage Western negotiators to cut a better deal now have an opportunity to do so by enacting more hard-hitting sanctions.

What seems to have troubled the French about the negotiations, but reportedly nobody else in Geneva, was that the proposed deal would not have constrained Tehran's pathway to a plutonium bomb, and that not one piece of Iran's nuclear infrastructure would have been dismantled. Let us be clear, there was no freeze. Geneva reportedly also left significant loopholes for the Iranian regime to exploit during the 6-month period between an interim deal and a final deal.

As just two examples, first, Iran would be permitted to continue to enrich uranium to 3½ percent, adding almost another bomb's worth to its existing 3½ percent stockpile of five to six bombs during that 6-month period. Now, this contravenes multiple Security Council resolutions that call for the immediate suspension of all enrichment.

Second, Iran would be allowed to keep all of its installed centrifuges and produce thousands of additional ones without agreeing to the monitoring of any of its centrifuge manufacturing facilities. As a result, Iran could be well positioned to divert those centrifuges to secret enrichment facilities or to install them in its declared facilities at a time of its choosing.

All of these nuclear facts on the ground would enhance Iranian leverage during negotiations for a final deal. We have seen this movie before, but it doesn't have to go this way.

Now, without new sanctions American negotiators will likely never again have as much economic leverage over Tehran as they do right now. The impact of European and American sanctions on Iran is what helped to jump-start these negotiations. But to whatever extent the Supreme Leader fears popular unrest provoked by sanctions, that trepidation will lessen if economic pressure is relaxed.

The efficacy of sanctions depends on the threat of their escalation where an ever-expanding web of restriction keeps foreign firms from doing business with the regime. In many ways the Iranian sanctions program has been as much psychological as legal. So when the United States sends a signal that it is willing to block new sanctions and reduce existing sanctions for little in return, the impression abroad is that the White House's resolve is waning.

The White House says new sanctions will undercut the sanctions coalition. Actually the reverse is true. Without new escalating sanctions, the alternative is to rely on the enforcement of existing sanctions. This will invariably require the administration to punish many more companies that it has targeted in the past, including companies from its P5+1 allies.

Now, reports out of Geneva indicate that the administration was ready to unfreeze assets; ease sanctions on gold, petrochemicals, the Iranian auto sector; give the regime tens of billions of dollars in hard currency. The regime would be allowed to take this hard currency back to Iran, giving Khamenei and Rouhani more cash to spend on nukes, terrorism, human rights abuses, or to support

Assad. It is possible, though highly unlikely, that Rouhani, the right-hand man of former Iranian President Rafsanjani, who drove the nuclear program in the 1980s and 1990s, suddenly wants to forsake his nuclear legacy, but even if that were the case, why would the prospect of easing sanctions help him persuade Khamenei and the Revolutionary Guards to abandon their deeply held cause?

The Geneva negotiations indicated that Rouhani's bosses are willing to make concessions that are easily revoked or not much of a nuclear impediment to start with. We have a capacity to increase this pressure. New sanctions could be written to lock up all of Iran's overseas currency reserves. Financial relief should only come when Iran takes real steps to verifiably and irreversibly dismantle its military nuclear program. And there are ways to do this. We can discuss this more in the Q&A.

Now, new sanctions may not be enough to stop an Iranian nuke, but America would have a much stronger hand in negotiations if Khamenei were put to a fundamental choice between economic collapse and his military nuclear program.

Mr. Chairman, I argue here today that without new sanctions we are currently at the high-water mark of American negotiating leverage. If the Geneva proposal was as weak as our allies believed, what should make any of us think that a final agreement would be any better?

Thank you very much.

[The prepared statement of Mr. Dubowitz follows:]

Congressional Testimony

Examining Nuclear Negotiations *Iran After Rouhani's First 100 Days*

Mark Dubowitz
Executive Director
Foundation for Defense of Democracies

Hearing before the House Committee on Foreign Affairs

Washington, DC
November 13, 2013



1726 M Street NW • Suite 700 • Washington, DC 20036

Mark Dubowitz

November 13, 2013

Chairman Royce, Ranking Member Engel, Members of the Committee, on behalf of the Foundation for Defense of Democracies, thank you for inviting me to testify today on this important topic.

Introduction

After Iranian president Hassan Rouhani's first 100 days in office, the Islamic Republic is still repressing its own citizens, and contributing to the slaughter of Syrian civilians. While Rouhani has achieved only one of his 46 explicit campaign promises, the reopening of Iran's House of Cinema (Khaneh Cinema),¹ he may yet deliver on his most important promise: Economic relief from sanctions without offering the West meaningful nuclear concessions.

But for the 11th hour French intervention over the weekend, the new Iranian president would have scored a significant victory at Geneva. The U.S. administration seemed ready to give tens of billions of dollars in irreversible sanctions relief, in addition to the unilateral sanctions relief by blocking new Congressional sanctions, in exchange for the promise of reversible nuclear concessions that do not roll back or freeze enough of the critical elements of Iran's military-nuclear infrastructure. In other words, Rouhani nearly delivered on his deputy nuclear negotiator Abbas Araghchi's pledge not to "allow even a gram of uranium to go out of the country."² And he nearly vindicated the conservative Iranian parliamentarian Ali Motahari who proclaimed, "Negotiations do not require concession, rather, negotiations are a tool for us to receive concessions."³

Geneva negotiations will resume on November 21. There is no indication that the Obama administration will enhance its negotiation leverage by ending its opposition to new Congressional sanctions. Such an approach will likely lead to the eventual nuclearization of Iran.

1. The "Deepening Human Rights Crisis" in Iran

According to United Nations Special Rapporteur on the situation of human rights in Iran, Dr. Ahmed Shaheed, one hundred days into Rouhani's presidency, there is a "deepening human rights crisis" in Iran.⁴ Shaheed reports: "Systemic and systematic violations of political, economic, social, and cultural rights still characterize Iran's human rights situation."⁵

¹ See Rouhani Meter, accessed November 6, 2013. (<http://rouhanimeter.com>)

² James Reynolds, "Upbeat mood as Iran nuclear talks start in Geneva," *BBC News*, October 15, 2013. (<http://www.bbc.co.uk/news/world-middle-east-24527659>)

³ "بی صداقتی از آمریکا بینش تغیر موضع می دهم/ نتیجه عدم صدور مجوز به احتمالی تزاد برای مذاکره" Mehr News Agency (Iran), September 30, 2013. (<http://www.mehrnews.com/detail/News/2145492>)

⁴ Report to the United Nations General Assembly, "Situation of human rights in the Islamic Republic of Iran," October 4, 2013. (<http://shaheediniran.org/wp-content/uploads/2013/10/N1350031.pdf>)

⁵ Comment posted on Dr. Ahmed Shaheed's twitter account on November 5, 2013. (<https://twitter.com/shaheedsr/status/397770066785480705>)

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The intimidation and abuses against the political opposition in Iran continues. Just last month, intelligence ministry agents beat up the daughters of 2009 presidential candidate and Green Movement leader Mir-Hossein Mousavi, who still is under house arrest, when they were visiting their father.⁶

Since Rouhani assumed office, the rate of executions has actually accelerated. Hadi Ghaemi, executive director of the International Campaign for Human Rights in Iran reported that, “Since Rouhani’s inauguration, [an] increasing number of prisoners [are] being sent to the gallows” following unfair trials.⁷ During the two-week period in September that corresponded with Rouhani’s trip to the UN, a record number of executions took place.⁸

During his presidential campaign, Rouhani stated that Iran would begin “respecting and allowing minorities to practice religious rituals.”⁹ He further stated that, “all Iranian people should feel there is justice. Justice means equal opportunity. All ethnicities, all religions, even religious minorities, must feel justice. Long live citizenship rights!”¹⁰ However, Rouhani’s administration is persecuting religious minorities.

In early October, for example, four Iranian Christians were sentenced to 80 lashes each for drinking wine during communion and for possessing a satellite antenna.¹¹ Iranian intelligence agencies continue to imprison converts to Christianity because of their religious beliefs.¹²

Meanwhile, the Baha’i community – a community that lacks protection under Iranian law – also continues to suffer. As the Baha’i World News Service notes:

...reports to our office actually indicate a worsening of the situation facing Baha’is in Iran. ... The Baha’i community in Iran, like many other minorities in that country, remains deprived of its most basic rights, including ultimately the right to exist as a viable community. Iran’s government must be held accountable for this hypocrisy and double standards.¹³

⁶ ”ضرب و شتم دختران میرحسین موسوی و زهراء هنرورد توسط ماموران امنیتی و پلیس حصر“ Rakesabz (Iran), October 24, 2013. (<http://www.rahesabz.net/story/77190/>)

⁷ International Campaign for Human Rights in Iran, “Iran Should Halt Executions as Rate of Hangings Accelerates,” October 8, 2013. (<http://www.iranhumanrights.org/2013/10/executions/>)

⁸ International Campaign for Human Rights in Iran, “Iran Should Halt Executions as Rate of Hangings Accelerates,” October 8, 2013. (<http://www.iranhumanrights.org/2013/10/cxecutions/>)

⁹ Domestic Policy, Rouhani Metcr, accessed November 6, 2013. (<http://rouhanimetcr.com>)

¹⁰ International Campaign for Human Rights in Iran, “Fulfilling Promises: A Human Rights Roadmap for Rouhani,” August 21, 2013. (<http://www.iranhumanrights.org/2013/08/introduction-rouhani/>)

¹¹ Benjamin Weinthal, “Rouhani’s Failed Human Rights Promises,” FDD Policy Brief, November 1, 2013. (<http://defenddemocracy.org/media-hit/rouhanis-failed-human-rights-promises/>)

¹² ”اسارت اینجانب در زندان حکومت اسلامی ایران اسرارت یک شخص بیست اسارت یک تنکر است (کشش زندانی بقایام ایرانی)“ Human Rights Activists for Democracy in Iran (Iran), April 1, 2013.

¹³ (http://hrdai.net/index.php?option=com_content&view=article&id=1197:1392-01-12-09-45-02&catid=1:2010-07-21-10-18-57&Itemid=4)

¹⁴ “Despite promises, Iran continues to violate human rights, says UN report,” Baha’i World News Service, October 23, 2013. (<http://news.bahai.org/story/971>)

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Additionally, rather than making good on “reviving the Association of Iranian Journalists,”¹⁴ Rouhani’s administration continues to engage in wide-scale web-censorship and blocks upwards of 5 million websites.¹⁵ Rather than freeing the at least 40 journalists and 29 bloggers who are currently serving prison terms in Iran, the regime has doubled down on its repression, banning the reformist daily *Bahar*.¹⁶ Rouhani’s Minister of Intelligence Mahmoud Alavi, has also accused independent-minded journalists of being foreign agents,¹⁷ a veiled threat that encourages self-censorship.

2. Iran’s Support for the Assad Regime

Iran’s actions in Syria and support of President Assad also provide a window into the soul of the regime and its new president. If Rouhani had wanted to use his influence and political capital during his first 100 days to demonstrate that he sought a new direction for Iran, he could have tempered Iran’s full-throttled support for the Syrian regime’s slaughter of its own people.

Yet, we have witnessed the opposite. At his inauguration ceremony, Rouhani told Syrian Prime Minister Wael al-Halqi, “No force in the world can shake the solid, strategic and historic relations that bind the two countries in friendship. … Syrian-Iranian relations are based on understanding and a common destiny.”¹⁸

Tellingly, during the first year of Assad’s increasingly brutal crackdown on his people, Rouhani served as Khamenei’s representative to the Supreme National Security Council. He has repeatedly and publicly pledged his support for the Assad regime against what he ironically calls “foreign interference”¹⁹ and “enemies in the region, especially the Zionist regime.”²⁰

Meanwhile, even as Rouhani claims that the Iranian people are suffering under sanctions, Rouhani’s government continues to provide the Assad regime with a \$3.6 billion line of

¹⁴ Domestic Policy, Rouhani Meter, accessed November 6, 2013. (<http://rouhanimeter.com>)

¹⁵ Alexandra Olson, “UN rapporteur: Iran’s human rights abuses are widespread but Rouhani raises hope for reform,” *Associated Press*, October 23, 2013.

(<http://www.montrealgazette.com/news/rappoerteur+Iran+human+rights+abuses+widespread+Rouhani/9073559/story.html>)

¹⁶ Golnaz Esfandiari, “Iranian Reformist Daily Becomes First Publication Banned Under Rohani,” *RFE/RL*, October 29, 2013. (<http://www.rferl.org/content/iran-media-bans-rouhani/25151237.html>)

¹⁷ “ستگیری عوامل رسانه‌ای و اینترنت، مر هومن همکاری خبر تگران پایند به نظام بود,” *Intelligence Ministry of the Islamic Republic of Iran*, accessed November 6, 2013.

(<http://www.vaja.ir/Public/Home>ShowPage.aspx?Object=NEWS&ID=0594463-a63e-4921-8748-588b2a9b7b6b&WebPartID=40a96c69-ed57-42cd-a46f-5ac8bd55b22&CategoryID=c97aa57d-55e3-48d9-b382-1b7b03d683ce>)

¹⁸ “Iran’s Rouhani tells Syrian PM alliance will stay strong,” *Al Arabiya*, August 4, 2013.

(<http://english.alarabiya.net/en/News/middle-east/2013/08/04/Iran-s-Rouhani-tells-Syrian-PM-alliance-will-stay-strong-.html>)

¹⁹ “President Rouhani Condemns Foreign Interference, Terrorism in Syria,” *Fars News Agency* (Iran), August 4, 2013. (<http://english.farsnews.com/news/text.aspx?nu=13920513000825>)

²⁰ “New Iran President Backs Syria’s Assad, Hezbollah,” *Associated Press*, July 16, 2013. (<http://bigstory.ap.org/article/new-iran-president-backs-syrias-assad-hezbollah>)

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credit,²¹ not to mention the senior military and intelligence advisers to help suppress the rebels and murder Syrian civilians. The Islamic Revolutionary Guard Corps (IRGC) continues to train thousands of militiamen and volunteers to fight in Syria.²² At Tehran's direction, Lebanese Hezbollah fighters, Iraqi Shi'a volunteers, and IRGC Ground Forces militarily engage with rebels directly.²³ IRGC military advisers have also fought in key battles.²⁴

In sum, Iran is a big reason for the death toll of more than 120,000 in Syria.

3. “A Bad Nuclear Deal is Better than No Deal”

Above all else, Rouhani has made it a priority to relieve the sanctions pressure on Iran to deter its illicit nuclear program. In fact, he staked his political future on getting sanctions relief while maintaining the fundamental elements of that nuclear weapons program. This was the motivating factor for his diplomatic charm offensive, which has already yielded impressive results.

The P5+1 has responded to Rouhani’s diplomatic overtures with the Geneva diplomatic process. Notwithstanding their statements to the contrary, American negotiators seem to believe that a “bad deal is better than no deal.” The Obama administration has already diminished its own negotiating leverage by renouncing additional economic sanctions as a means to persuade Tehran to verifiably dismantle its military-nuclear program, including the suspension of all enrichment and reprocessing, as required by multiple U.N. Security Council resolutions.

The Obama administration has also undermined the deterrent effect of the U.S. military option. Senior administration officials have repeatedly warned about the grave dangers of U.S. or Israeli pre-emptive military strikes.²⁵ The botched messaging and the ultimate

²¹ “Iran Grants Syria \$3.6 Billion Credit to Buy Oil Products,” *Reuters*, July 31, 2013, (<http://www.reuters.com/article/2013/07/31/us-syria-crisis-iran-idUSBRE96U0XN20130731>)

²² Farnaz Fassihi, Jay Solomon and Sam Dagher, “Iranians Dial Up Presence in Syria,” *The Wall Street Journal*, September 16, 2013, (<http://online.wsj.com/news/articles/SB10001424127887323864604579067382861808984>)

²³ Ali Alfoneh, “Iran’s Strategy in Syria,” *FDD Policy Brief*, September 19, 2013, (<http://defenddemocracy.org/media-kit/irans-strategy-in-syria/>). See also Karim Sadjadpour, “Iran’s Unwavering Support to Assad’s Syria,” *Combating Terrorism Center* (West Point), August 27, 2013, (<http://www.ctc.usma.edu/posts/irans-unwavering-support-to-assads-syria>)

²⁴ Farnaz Fassihi, Jay Solomon and Sam Dagher, “Iranians Dial Up Presence in Syria,” *The Wall Street Journal*, September 16, 2013, (<http://online.wsj.com/news/articles/SB10001424127887323864604579067382861808984>)

²⁵ For example, Luis Ramirez, “US Defense Chief Warns Against Military Strike on Iran,” *VOA*, November 10, 2011, (<http://www.voanews.com/content/us-defense-chief-warns-against-military-strike-on-iran-133659028/147996.html>) Adam Entous, Julian E. Barnes and Jay Solomon, “U.S. Warns Israel on Strike,” *The Wall Street Journal*, January 14, 2012, (http://online.wsj.com/news/articles/SB10001424052970204409004577159202556087074?mod=WSJ_hp_MIDDLENexttoWhatsNewsSecond) Katarzyna Klimasinska and Danielle Ivory, “Israeli Attack on Iran Would Be Destabilizing, Joint Chiefs’ Dempsey Says,” *Bloomberg*, February 19, 2012, (<http://www.bloomberg.com/news/2012-02-18/israeli-attack-on-iran-would-be-destabilizing-joint-chiefs-dempsey-says.html>)

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decision to shrink away from threat of military force against the Assad regime in Syria in September also diminished U.S. credibility. With enhanced economic measures and the military option off the table, the Obama administration is now hoping it can constrain the nuclear ambitions of the Islamic Republic by diplomacy alone, leading to a verification and inspection regime based on trust with an Iranian leadership that has a three decades-long track record of utter mendacity.

To rationalize this decision to conclude an interim nuclear deal that falls well short of even the *de minimis* requirements recommended by nuclear experts,²⁶ the Obama administration is betting on the hope that Rouhani is a true “pragmatist.”²⁷ It is said that the White House negotiation theory assumes that sanctions relief and minimalist nuclear demands will sideline IRGC hardliners and give Rouhani the political space to sell a more comprehensive nuclear deal to his boss, Supreme Leader Ali Khamenei.

Historically, banking on Iranian “pragmatism” has never paid off. “Pragmatism” doesn’t make Iranian leaders less committed to an atomic weapon, less anti-American, or more averse to viewing terrorism as statecraft. All the major players in Iran’s nuclear weapons program, including Rouhani’s patron Ali Akbar Hashemi Rafsanjani,²⁸ the former majordomo of the political clergy and father of Iran’s nuclear program, Supreme Leader Ali Khamenei, and even the firebrand Mahmoud Ahmadinejad, were politically pragmatic when circumstances required it. Like the others, Rouhani wants both the bomb *and* sanctions relief.

The Proposed Geneva Deal Will Not Prevent the Nuclearization of Iran

Iranian leaders went to Geneva last week for one reason: to test Barack Obama’s mettle. Had it been signed this past weekend, the Geneva deal would have ignored Iran’s history of nuclear deception and allowed Tehran to retain the essential elements of a long-standing nuclear weapons program.

Obama administration officials know Rouhani is lying when he says that the Islamic Republic has never had any intention of building an atomic weapon. Defecting Iranian nuclear engineers told U.S. officials in the late 1980s that the mullahs’ program, then hidden, was designed exclusively for such arms. 19,000 centrifuges, a heavy-water plant, a robust ballistic missile program, and alleged testing of nuclear trigger technology —

²⁶ Institute for Science and International Security, “Determining the Irreducible Elements of an Interim Agreement with Iran: A Freeze Plus,” November 5, 2013. (<http://isis-online.org/isis-reports/detail/irreducible-elements-of-an-interim-agreement-with-iran/>)

²⁷ Rouhani is often called a “pragmatist” in Western media. For example see, Jason Rezaian and Joby Warrick, “Moderate cleric Hassan Rouhani wins Iran’s presidential vote,” *Washington Post*, June 15, 2013. (http://www.washingtonpost.com/world/iranians-await-presidential-election-results-following-extension-of-polling-hours/2013/06/15/3800c276-d593-11e2-a73c-826d299f459_story.html)

²⁸ Max Fisher, “Rafsanjani’s disqualification follows tumultuous relationship with Iran’s supreme leader,” *Washington Post*, May 22, 2013. (<http://www.washingtonpost.com/blogs/worldviews/wp/2013/05/22/rafsanjanis-disqualification-follows-tumultuous-relationship-with-irans-supreme-leader/>)

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everything Western intelligence services have tracked since then matches those early revelations.

Thus, U.S. participation in the negotiations doesn't appear to be premised on an expectation of Iranian veracity. If it were, President Obama wouldn't have sent Secretary of State John Kerry to Geneva until Tehran had come clean about its past deceits. Even the behavior of South Africa's apartheid government — total transparency about the militarization of its atomic program — isn't expected from Iran.

Our low expectations stem from fear. Washington isn't willing to go to war again in the Middle East, even to defend our national security, and the Iranians know it. The White House continues to warn that if the U.S. and our allies are too "maximalist" in our demands, the talks will fail.²⁹ Ask too much — the suspension of all enrichment and reprocessing as demanded by five U.N. Security Council resolutions — and the Iranians may walk away from the table. The problem is that the Administration is not even prepared to propose what nuclear expert David Albright calls "irreducible minimum" conditions — the five bare minimum conditions required to delay Iran's dual-pathways to uranium and plutonium bombs, and to mitigate the risk of secret Iranian enrichment facilities.³⁰ Those conditions include:

- 1) Iran must halt all centrifuge installation and disable the centrifuge modules beyond the three holding the 9,000 IR-1 centrifuges.
- 2) Iran must halt all production of 20% enriched uranium and convert or ship all 20% enriched uranium to oxide or out of the country.
- 3) Iran must halt the construction of the Arak heavy-water reactor.
- 4) Iran must accept new inspection/monitoring requirements, including cameras at all centrifuge plant locations or daily inspections.
- 5) Iran must freeze all centrifuge manufacturing immediately.

Contrary to the Albright irreducible deal, the Geneva deal reportedly³¹ did not demand that Iran remove or disable any other centrifuges;³² it did not require Iran to address

²⁹ Undersecretary Wendy Sherman: "So, you know, a negotiation begins with everybody having their maximalist position. And we have ours, too, which is they have to meet all of their obligations under the NPT and the U.N. Security Council resolutions....And they have their maximalist position, and then you begin a negotiation." Senate Foreign Relations Committee Hearing on Iran's Nuclear Program, October 3, 2013, (<http://www.cq.com/alertmatch/198049068?uid=congressionaltranscripts-4356017>)

³⁰ Institute for Science and International Security, "Determining the Irreducible Elements of an Interim Agreement with Iran: A Freeze Plus," November 5, 2013. (<http://isis-online.org/isis-reports/detail/irreducible-elements-of-an-interim-agreement-with-iran/>)

³¹ David Blair, "Iran nuclear deal hangs in the balance in Geneva." *The Telegraph*, November 9, 2013. (<http://www.telegraph.co.uk/news/worldnews/middleeast/iran/10438265/Iran-nuclear-deal-hangs-in-the-balance-in-Geneva.html>)

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centrifuge manufacturing, the ongoing production of thousands of new and more efficient centrifuges,³³ (a key element to Iran's secret enrichment program); and, as the French objection made clear, it did not roll back the plutonium nuclear pathway, instead permitting continued construction at Arak.³⁴ Indeed, the proposed Geneva deal would have allowed Iran to maintain a still-dangerous uranium breakout capacity with enough centrifuges to move, at a time of its choosing, to weaponize uranium. Put simply, every Iranian nuclear concession would have been easily reversible in a very short time period.

In other words, the Obama administration offered Iran an “impossible-to-say-no-to” deal instead of using its extensive sanctions leverage to demand the suspension of all enrichment and reprocessing as required by five U.N. Security Council resolutions.

The Pre-emption of U.S. Sanctions Policy

Providing significant sanctions relief to the Iranians at this point is a mistake. The existing sanctions regime works because energy companies, financial institutions, insurers, shippers, and others have cut their business ties with Iran because they believe that the U.S. will enforce sanctions against violators. If the United States allowed sanctionable activities to occur without consequence, the floodgates could open. Companies that had chosen to cease activity in Iran rather than risk U.S. actions would re-enter the Iranian energy, shipping, and financial sectors. This would yield a massive financial windfall for Iran.

The efficacy of sanctions has always been built upon a strategy of escalation, where an ever-expanding web of restrictions scared off foreign business that wanted to invest in Iran. Sanction violators, of which there are more than the administration has punished, didn't really matter because Washington (Congress, really) created an impression that it intended to envelop Iran with an economic minefield.

The impact of sanctions has been as much psychological as it has been legal. So, when the administration starts reducing sanctions for little in return, the general impression abroad—reinforced by French objections to the soft American position in Geneva—is that the White House’s will is declining. Especially now, the administration will have to sanction foreign companies, even those from our European allies, to keep the psychological dynamic from reversing. Moreover, the Administration will also have to dramatically ratchet up its supervision of the legitimate humanitarian trade channels with Iran, to prevent the abuse of these pathways.

³² Laurence Norman and Jay Solomon, “Iran Nuclear Talks End Without Deal,” *The Wall Street Journal*, November 9, 2013. (<http://online.wsj.com/news/articles/SB10001424052702303309504579187474244929100>)

³³ Karl Pernhau, Elise Labott and Greg Botelho, “No deal on Iran’s nuclear program, despite ‘concrete progress’,” *CNN*, November 10, 2013. (<http://www.cnn.com/2013/11/09/world/meast/iran-nuclear-talks/>)

³⁴ Julian Borger and Saeed Kamali Dehghan, “Iran nuclear negotiations at crucial juncture over Arak reactor,” *The Guardian*, November 9, 2013. (<http://www.theguardian.com/world/2013/nov/09/iran-nuclear-negotiations-arak-reactor-crucial>)

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Tehran, meanwhile, senses that the sanctions regime is crumbling.³⁵ This is due to the fact that the Obama administration had already offered extensive sanctions relief before the two rounds of Geneva negotiations had begun. In anticipation of sanctions giving way, the Iranian regime is now encouraging companies to return to Iran, with a number beginning discussions on new business deals.

In many ways, the administration has already started to dismantle the sanctions regime. The administration eased the pressure on Iran by slowing down the pace of designations since the election of Rouhani.³⁶ The administration also blocked Senate legislation; tough new legislation has been languishing in the Senate Banking Committee for months, despite the passage of the Nuclear Iran Prevention Act by a vote of 400-20 in July by the House of Representatives.

Legislators are growing concerned. They know that the administration resisted some of their best sanctions ideas in the past, including those that have cut Iranian oil exports in half. Congress also recognizes that a decision not to enhance sanctions is equivalent to a willingness to diminish them.

The fact is, sanctions require constant updating and vigorous enforcement. Without new legislation that closes loopholes and shuts down new Iranian circumvention techniques, Iran continues to create front companies and concoct sanctions-busting schemes, bringing Iran that much closer to the bomb. This includes black-market oil sales estimated at 150,000-200,000 barrels per day, concealing illicit financial transactions as permissible humanitarian purchases, incorporating Iranian banks like Mir Bank in friendly jurisdictions like Russia,³⁷ and overturning European sanctions by courts demanding access to classified intelligence.³⁸ These are just a few recent examples.

The Dollar Value of the Proposed Sanctions Relief at Geneva

In addition to the administration's decision to hold off on new sanctions, the sanctions relief package offered at Geneva, if ultimately approved, will rescue Iran's struggling economy. Based on open source reporting, and an analysis by the Foundation for Defense of Democracies, the dollar value of the proposed sanctions relief at Geneva could yield Iran a minimum of \$20 billion or more through the repatriation of frozen Iranian assets, gold transfers to Iran in exchange for its oil and natural gas sales, petrochemicals exports, and the lifting of sanctions on the Iranian auto sector. Providing \$20 billion in repatriated cash to the regime could hardly be considered "modest," as some have described it.

³⁵ Steve Mufson, "Iran tests waters for Western investment in oil exports," *Washington Post*, November 9, 2013. (http://www.washingtonpost.com/business/economy/iran-tests-waters-for-western-investment-in-oil-experts/2013/11/09/d3928a14-4959-11e3-b6f8-5782f6cb769_story.html)

³⁶ Eli Lake and Josh Rogin, "Obama's Secret Iran Détente," *The Daily Beast*, November 8, 2013 (<http://www.thedailybeast.com/articles/2013/11/08/exclusive-obama-s-secret-iran-d-tente.html>)

³⁷ Benoit Faucon, "U.S. Warns Russia on Iranian Bank," *The Wall Street Journal*, December 12, 2012. (<http://online.wsj.com/news/articles/SB10001424127887323330604578145071930969966>)

³⁸ Justyna Pawlak, "Insight: How European courts are dismantling sanctions on Iran," *Reuters*, July 15, 2013. (<http://www.reuters.com/article/2013/07/15/us-iran-nuclear-courts-insight-idUSBRE96E0LS20130715>)

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Financial Relief: The Obama administration has offered what it has described as “limited, temporary, and reversible sanctions relief”³⁹ that does not undermine the “core sanctions architecture,” and could be “turned on or off” quickly.⁴⁰

This is a one-time repatriation of Iranian assets that have been trapped overseas as a result of financial sanctions. Reportedly, the proposed Geneva deal included an offer to release \$3 billion of these assets back to Iran.⁴¹ Other public sources indicated that the P5+1 was contemplating the release of trapped oil funds valued at over \$50 billion,⁴² through installment payments that could add significantly to this amount.

Gold Sanctions Relief: The deal on the table reportedly afforded Iran the ability to resume the export of precious metals. Based on trade data compiled by the Foundation for Defense of Democracies and Roubini Global Economics,⁴³ gold imports from Turkey to Iran in 2012 reached as high as \$1.6 billion per month. Using this figure as a guide, if gold sanctions relief is given for six months in the period leading up a possible final nuclear agreement, Iran has the potential to pocket at least \$9.6 billion in gold sales.

Petrochemical Sanctions Relief: According to a recent *Business Monitor International* report, Iran exported \$11.2 billion last year in petrochemical products and projects an increase of another \$1 billion next year.⁴⁴ If petrochemical sanctions relief is provided, using these numbers as a guide, Iran could enjoy a windfall of \$5-6 billion over six months.

Automotive Sanctions Relief: Under U.S. sanctions since June 2013,⁴⁵ Iran’s auto sector is inextricably linked to Iran’s nuclear program because of its involvement with the Islamic Revolutionary Guard Corps and Iran’s procurement networks and sanctions

³⁹ “Sanctions relief for nuclear concessions: 6 world powers negotiate with Iran,” *Associated Press*, November 7, 2013, (http://www.washingtonpost.com/world/middle_east/sanctions-relief-for-nuke-concessions-6-world-powers-sit-down-at-negotiating-table-with-iran/2013/11/07/24407aec-4799-11e3-95a9-3f15b5618ba8_story.html)

⁴⁰ Dan Robinson, “White House Stresses Reversibility of Potential Agreement with Iran,” *VOA*, November 7, 2013, (<http://www.voanews.com/content/white-house-stresses-reversibility-of-potential-agreement-with-iran/1786053.html>)

⁴¹ “In Geneva, the French hold out for tougher conditions on Iran,” *Times of Israel*, November 9, 2013, (<http://www.timesofisrael.com/world-powers-set-for-new-round-of-iran-nuke-talks/>)

⁴² Louis Charbonneau and Yeganeh Torbati, “Iran nuclear deal unlikely as split emerges in Western camp: diplomats,” *Reuters*, November 9, 2013, (<http://www.reuters.com/article/2013/11/09/us-iran-nuclear-idUSBRE9A804X20131109>)

⁴³ Gary Clark, Rachel Ziembra and Mark Dubowitz, “Iran’s Golden Loophole,” Foundation for Defense of Democracies and Roubini Global Economics, May 13, 2013, (http://www.defenddemocracy.org/stuff/uploads/documents/FDD_RGE_Iran_Gol_Report_May_2013_FINAL_2.pdf)

⁴⁴ “Iran Petrochemicals Report,” *Business Monitor International*, August 2013. (Accessed via ProQuest). (<http://www.marketresearch.com/Business-Monitor-International-v304/Iran-Petrochemicals-Q4-7781548/>)

⁴⁵ The White House Press Release, “Executive Order -- Authorizing the Implementation of Certain Sanctions Set Forth in the Iran Freedom and Counter-Proliferation Act of 2012 and Additional Sanctions with Respect To Iran,” June 3, 2013. (<http://www.whitehouse.gov/the-press-office/2013/06/03/executive-order-authorizing-implementation-certain-sanctions-set-forth-i>)

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evasion.⁴⁶ During a seven-month period in 2012, before the sanctions were imposed, Iran exported approximately \$1.4 billion for its auto industry.⁴⁷ Thus, if the administration provides automotive sanctions relief, this could be worth approximately \$1.3 billion to Iran over a six-month period.

The Bottom Line: Iran currently has approximately \$80 billion in foreign exchange reserves. Of those funds, \$10 billion is frozen, \$20 billion is fully accessible, and \$50 billion is only semi-accessible for barter trade in escrow accounts in China, India, Japan, South Korea, and Turkey.⁴⁸ A deal that offers \$3 billion in cash, plus another \$16-17 billion, totaling \$20 billion in sanctions relief, would give a 25 percent boost to Iran's total foreign exchange reserves, bringing that number up to \$100 billion.

It would also double the amount of fully accessible foreign exchange reserves currently available, from \$20 to \$40 billion. If the P5+1 went further and released trapped oil funds valued at over \$50 billion, through installment payments, this would increase Iran's fully accessible reserves from \$20 billion to a staggering \$70 billion.

A massive sanctions relief windfall of \$20 billion or even more, granted in exchange for reversible nuclear concessions that do little to dismantle Iran's military-nuclear infrastructure, is exactly what Iran would need to relieve the pressure from sanctions and enhance its negotiating leverage in the run up to any final agreement.

Recommendations

In his first 100 days in office, we have seen no evidence that President Rouhani's policies on the human rights front, in its Syria policy, or on the nuclear file represent a strategic shift on the part of the Iranian regime. If anything, his new government has changed its tone without changing any of the substance and instead has recommitted to nuclear deception in keeping with Rouhani's track record.

To this end, I offer the following recommendations:

Escalate Sanctions: The proposed Geneva deal would have been a significant victory for the new Iranian president and would have set back the Obama administration's goal of stopping Iran's nuclear weapon ambitions. Instead of relaxing sanctions, we must match Iran's continued nuclear activity with continued sanctions efforts to exert more pressure on Iran. New legislation in Congress should close loopholes and shut down new Iranian circumvention techniques to prevent Tehran from simultaneously dodging sanctions and advancing its nuclear program.

⁴⁶ Mark Dubowitz and Emanuele Ottolenghi, "Iran's Car Industry: A Big Sanctions Buster," *Forbes*, May 5, 2013. (<http://www.forbes.com/sites/energysource/2013/05/13/irans-car-industry-a-big-sanctions-buster/>)

⁴⁷ "Iran's car exports fall by 82.21 percent," *Trend*, October 12, 2013. (<http://en.trend.az/regions/iran/2200694.html>)

⁴⁸ Mark Dubowitz and Rachel Zienba, "When Will Iran Run Out of Money?," Foundation for Defense of Democracies and Roubini Global Economics, October 2, 2013. (<http://defenddemocracy.org/media-hit/when-will-iran-run-out-of-money/>)

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According to a study conducted by my organization, Foundation for Defense of Democracies, and Roubini Global Economics, while sanctions have had a dramatic effect on the Iranian economy, Iran's foreign exchange reserves and "off-book" assets remain at sufficient levels to enable Iran to muddle through for at least 12 months, if not longer.⁴⁹

The United States should move forward with new financial sanctions to effectively lock up all of Iran's currency reserves held abroad – around \$80 billion and Iran's existing oil revenues, estimated to be an additional \$3.4 billion per month.⁵⁰ These sanctions would use the threat of U.S. financial penalties to persuade foreign banks to block Iranian access to – or use of – its overseas financial reserves for any purpose except permitted humanitarian trade, effectively shutting down non-humanitarian imports and possibly even collapsing the rial.

In particular, the U.S. and its allies should take the following actions to put further pressure on Iran's foreign exchange reserves and its balance of payments:

- 1) Sanction any financial institution that provides Iran access to, or use of, its foreign reserves. The U.S. should backdate this sanctions provision during the legislative process so that, regardless of when the final bill is signed by the president, financial institutions do not take steps before the final passage of legislation to provide Iran with access to frozen cash reserves;
- 2) Dramatically reduce permissible imports of Iranian crude products (especially as Iran continues to increase its black-market sales of crude and other oil products);
- 3) Require countries buying Iranian crude to dramatically reduce their exports of non-humanitarian commercial goods to Iran;
- 4) Require a specified percentage of Iran's escrow funds be spent only on humanitarian goods (e.g., certain food, medicine, and medical devices);
- 5) Blacklist additional sectors of the Iranian economy owned or controlled by the government of Iran and/or the IRGC, including the mining, engineering and construction sectors;
- 6) Vigorously enforce gold sanctions to deny Iran access to gold to replenish its FX reserves;
- 7) Impose tighter sanctions on non-oil Iranian commercial exports;
- 8) Expand the definition of crude oil sanctions to include all oil products; and,

⁴⁹ Ibid.

⁵⁰ Marjorie Olster, "US: Iran Can't Access Much Oil Income," *Associated Press*, August 30, 2013. (<http://bigstory.ap.org/article/apnewsbreak-us-iran-can-t-access-much-oil-income>)

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- 9) Impose additional sanctions against the holdings of Iran's *bonyads* and investment funds, and entities owned and or controlled by the IRGC, the Quds Force, the Supreme Leader, and other entities which continue to engage in human rights abuses and terrorist activities inimical to US interests and values.

Require Meaningful Iranian Nuclear Concessions: As Geneva demonstrated, there is great danger in engaging in an interim process with Iran where significant sanctions concessions – through the administration’s blocking of new sanctions and the provision of \$20 billion or more in hard currency relief – are granted in exchange for nuclear concessions that don’t adequately roll-back Iran’s nuclear weapons program. Any interim deal must demand, at a minimum, that Iran:

- 1) Cease all enrichment and reprocessing as required by multiple U.N. Security Council resolutions;
- 2) Disable all of its existing centrifuges, cease all centrifuge manufacturing and implement an inspection regime of all centrifuge manufacturing sites. Without these concessions, the regime retains a dangerous breakout capacity and could easily build hard-to-detect clandestine facilities with small cascades with advanced centrifuges;
- 3) Cease all construction and work at the Arak heavy-water reactor: Any agreement should prohibit Iran from continuing work on its Arak heavy-water reactor. By allowing Iran to continue construction of the Arak reactor over the next six months, Tehran will gain an extra six months to develop the capacity to produce a plutonium bomb;
- 4) Export Iran’s 20 percent-enriched uranium stockpile; and,
- 5) Provide full disclosure of all past weaponization research, full implementation of the Non-Proliferation Treaty’s Additional Protocol, and agreement to the inspection of any military or Revolutionary Guard site suspected of harboring nuclear research.

Offer Smart Non-Sanction Financial Relief: The sanctions relief offered up last week in Geneva gave too much. It was not reversible. It had no mechanism to punish Iran if it cheated. Indeed, the deal would have dramatically diminished American economic leverage, putting the Obama administration in a worse position to negotiate an acceptable comprehensive and final deal. Indeed, the only irreversible part of the sanctions relief on the table was the damage this deal would have done to the international effort to constrain Iran’s illicit economic activity.

There is a better approach that would enhance Western negotiating leverage, while still offering relief if Iran were to verifiably and irreversibly dismantle its military-nuclear program.

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First, while keeping all existing sanctions in place, Iran should be given an ultimatum: (1) Freeze all uranium enrichment at Natanz and Fordow – where nuclear experts estimate that Iran is no more than eight months from achieving an undetectable nuclear breakout; and, (2) Suspend all work on the heavy-water reactor at Arak, where the IAEA remains concerned that Iran could soon reprocess plutonium for a bomb. In exchange for these two Iranian moves, the United States could freeze implementing additional sanctions. If Iran rejected this “freeze for freeze,” it should face immediate and crippling new sanctions.

These new sanctions should encourage foreign banks to freeze all of Iran’s overseas funds, estimated to be around \$80 billion, and turn off the spigot of Iran’s existing oil revenues, estimated to be an additional \$3.4 billion per month. These sanctions would have a devastating impact on the Iranian economy, cutting off the funds Iran needs to pay for its imports and support its currency.

These new measures don’t need to be permanent. Iran should be able to end its own financial isolation – but only in exchange for irreversible nuclear concessions that dismantle the entire military-nuclear program.

However, unfreezing Iranian assets unconditionally is a bad idea, particularly if Iran can use those funds for proliferation and terrorism. That’s why Tehran only should be permitted to transfer funds from escrow accounts in China to escrow accounts in Germany and other European countries, for example. Tehran has an estimated \$20 billion in accounts in China but can’t find enough non-sanctionable Chinese goods to buy. In contrast, Tehran likes to shop in Germany.

If Iran cheats, and doesn’t verifiably dismantle its military-nuclear program, including coming clean with the IAEA, or if Iran uses the German escrow funds to buy sanctioned goods, these funds should snap back, like a rubber band, and be blocked again.

All core sanctions should remain in place, in case the Iranian regime falls out of nuclear compliance, as it has done in the past, and only until it demonstrates that it is acting in good faith. This is an economic enforcement mechanism to support any verification and inspection regime that can be used more frequently than the threat of military strikes to punish Iran for noncompliance. The credibility of U.S. military strikes as an enforcement mechanism has already been diminished as a result of the Obama administration’s Syria policy and its repeated warnings that U.S. or Israeli strikes against Iranian nuclear facilities could have grave consequences for U.S. security interests.

Given his past nuclear mendacity, Supreme Leader Ali Khamenei should be expected to cheat. And that’s why a freeze, a big stick, and a carrot tied to a rubber band, is a better negotiating strategy than unilateral sanctions relief in exchange for meaningless nuclear concessions or haggling with the mullahs over the price of every minor Iranian compromise.

Thank you for inviting me to testify today. I look forward to your questions.

Chairman ROYCE. Ms. Pletka.

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FOREIGN AND DEFENSE POLICY STUDIES, AMERICAN EN-
TERPRISE INSTITUTE**

Ms. PLETKA. Thank you, Mr. Chairman, Ranking Member Engel, members of the committee. It is always an honor to appear before House Foreign Affairs. Thank you very much for including me. I am also honored to sit next to Colin and Mark, two people whose views I take very seriously on the Iran question.

As we assess the current negotiations over Iran about its illicit nuclear weapons program and measure the efficacy of our sanctions, our overall Iran policy, and the quality of our negotiations themselves, a few things should be clear. We have rarely achieved anything of note in negotiations over such nuclear weapons programs. Despite assiduous efforts to roll back, eliminate, neutralize or otherwise alter the trajectory of programs in North Korea, in Pakistan, in India over the years, we failed in almost every case bar one, and that was Libya where Qadhafi's assumption of an imminent American military action forced him to relinquish most, although we now know not all, of his nuclear capabilities.

We have also been fortunate in the nature of our adversaries. Only because the Islamic Republic has been so brazen, only because of its singularly incompetent leadership, only because of its catastrophic economic mismanagement have sanctions actually begun to bite.

In addition, successive Presidents of the United States have consistently underused the authorities granted to them in law both through IEEPA and a series of Iran- and proliferation-oriented pieces of legislation. Enforcement has depended far more on personality than on capacity. Congress, too, has proven itself more eager to draft legislation than it is to hold the administration's feet to the fire, and here I include both the Obama, and the Bush, and the Clinton administrations before it. I am regularly struck by the willingness of committees of oversight to give a pass to State Department officials unwilling to enforce the letter of the law, and their lawyers who view sanctions-related determinations as optional instructions from the Congress.

It is true every President should be eager to end the Iranian nuclear weapons program and stifle Tehran's attempts to dominate the Middle East. The question before us is simply on what terms. Unfortunately those terms keep changing. In each new round of negotiations with Iran, the Obama administration has proffered a sweeter set of incentives and fewer demands of Tehran. That gives Iran every reason to play out the clock, advance its program, and hope for a better offer the next time around.

In April 2013, just this year, the P5+1 negotiating team demanded among other measures that Iran suspend all of its enrichment above 5 percent with Iran, and suspend all of enrichment at the Fordow underground facility, and transfer all collected uranium oar, including enriched oar, to facilities within Iran.

Previously the P5 and its earlier iteration, the EU-3 and the United States, demanded a suspension of all enrichment. Before that the group demanded no enrichment at all and an end to the

conversion of UF6 into precursors for enrichment. This time the only suspension demanded is reportedly for 6 months, and there is no demand to transfer enriched fissile material internally, we understand from reports, although as the ranking member says rightly, I don't think any of us have seen the actual proposal.

When I asked an administration official about Parchin last week, which is the suspected site of nuclear weaponization activities, he responded that Parchin is the IAEA's problem, not the American negotiators' problem.

Finally, on the question of how Iran will step back from its nuclear weapons program, we need to consider the strong possibility that Iran has secret nuclear sites. Indeed the United States has not discovered any covert Iranian nuclear site until it was well advanced, and in most cases it was revealed by another party. I haven't spoken to a single official familiar with the intelligence from the U.S. Or elsewhere who has denied that they suspect that Iran is operating a secret facility.

Will additional sanctions persuade the Iranians of the need to end their program? Will strong actions from the Congress prevent the administration from demanding more of the Iranians? Yes and no. Only the strongest of sanctions have gotten Iran to the table. They have yet to agree to the de minimis demands of the Obama administration, let alone the more stringent ones of the United Nations and the IAEA. It is true, as my colleague said and as you said, that only tougher measures will keep them at the table.

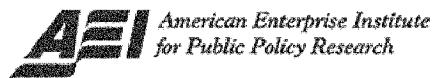
One final point. We have spoken today of Iran's nuclear program, though, of course, Iran also has a growing and sophisticated missile arsenal. In addition, the regime in Tehran is the prime engine of Assad's regime battlefield successes in Syria; the sole sponsor of Hezbollah, the world's most powerful terrorist group; a sponsor of Hamas; a spoiler in Afghanistan, in Iraq, in Bahrain and Yemen; and, of course, an abuser of the Iranian people's own rights.

Last I want to say a word about Rouhani, which is one the topics of the hearing. The committee asked about the domestic and Iranian environment in which Rouhani finds himself. I believe actually that Rouhani is a reformer within the context that is allowed by the Supreme Leader, but his remit is to sustain the system that was put at risk by Ahmadinejad, not to give up the Iranian nuclear program. It is important to understand that his job is to set Iran on a stable footing, not to give up nuclear weapons or reconcile with a region.

American officials who see themselves as key to Rouhani's credibility, as they have said, would be better served worrying about their own credibility. Their efforts to micromanage American domestic politics have been pretty unsuccessful. Efforts to manage Iran are certain to fail.

Thank you.

[The prepared statement of Ms. Pletka follows:]



Danielle Pletka
Vice President of Foreign and Defense Policy Studies, American Enterprise Institute
House Committee on Foreign Affairs
Wednesday, November 13th, 10:00am
Examining Nuclear Negotiations: Iran After Rouhani's First 100 Days

Mr. Chairman, Ranking Member Engel, Members of the Committee, it's always an honor to appear before the House Foreign Affairs Committee. Thank you for including me.

You asked your witnesses today to address several specific questions and make suggestions regarding future steps.

As we assess the current negotiations with Iran over its illicit nuclear weapons program and measure the efficacy of our sanctions, our overall Iran policy, and the quality of our negotiations themselves, a few things become clear. From the 35,000 foot perspective, looking at more than just Iran, we see that despite the vast economic, military, and in most cases political superiority of our nation vis-a-vis our adversaries, we have rarely achieved anything of note in negotiations over nuclear weapons programs without some deus ex machina. Consider U.S. efforts over the years with the North Korean, Pakistani, Indian governments over their nuclear programs. While in no way equating the nature of these governments, one consistent theme emerges: Despite assiduous efforts to roll back, eliminate, neutralize or otherwise alter the trajectory of each country's program, we failed in almost every case, bar one, and that is Libya, where Qadhafi's assumption we would use force caused him to relinquish most (though not all) of his nuclear program. Indeed, only where governments have fallen or systems have changed (as with the collapse of the USSR, or the end of apartheid) have countries negotiated away advances to their nuclear programs. This lesson should guide any assessment of efforts regarding Iran.

We have also been fortunate in the nature of our adversaries. For decades, the world has been willing to cut Iran a break, overlook its steady advance toward a nuclear breakout capacity and brush aside its increasingly sophisticated missile programs. Only because the Islamic Republic has been so brazen, only because of its singularly incompetent leadership, only because of its catastrophic economic mismanagement have sanctions actually begun to bite. The Islamic Republic has pursued a regional policy that has alienated and terrorized its neighbors, wielded a brutal and heavy hand in Iraq and in Syria, interfered wantonly both at sea and on land in the affairs of Gulf states and otherwise made itself no friends. It has done so to advance a Persian vision of regional hegemony most – and I wish I could include the United States in this – find anathema.

In addition, successive presidents of the United States have consistently underused the authorities granted to them in law, both through IEEPA and a series of Iran and proliferation oriented pieces of legislation. Enforcement has depended far more on personality than on capacity (here I should mention the pioneering efforts of Stuart Levey at Treasury). Congress too has proven itself far more eager to draft and even pass new legislation rather than hold the administration's feet to the fire in the enforcement of existing laws. I am regularly struck by the willingness of committees of oversight to give a pass to State Department officials unwilling to enforce the letter of the law, and

their lawyers who view sanctions related determinations as optional instructions from the Congress.

Designations and the imposition of sanctions slowed dramatically since the June elections in Iran. Some journalists have suggested this amounts to sanctions relief in and of itself, a gesture from the Obama administration to the incoming Rouhani team. I can't speak to whether this was a deliberate slow down or not, but there is ample evidence that the President is very eager to make a deal with Tehran. This, we should add, is a good thing. Every president should be eager to end the Iranian nuclear weapons program and stifle Tehran's attempts to dominate the Middle East. The question is simply on what terms.

Unfortunately, those terms keep changing. In each new round of negotiations with Iran, the Obama administration has proffered a sweeter set of incentives and fewer demands of Tehran. This gives Iran every reason to play out the clock, advance its program and hope for a better offer next time around.

In April, 2013, the P5+1 negotiating team demanded that Iran:

- Suspend all enrichment of uranium above 5 percent within Iran.*
- Suspend all enrichment at the Fordow underground facility and increase monitoring by the International Atomic Energy Agency there, including cameras with real-time encrypted connectivity to agency headquarters in Vienna.*
- Transfer all collected uranium ore, including ore enriched to 5 percent, to facilities at Natanz or Esfahan and put under IAEA safeguards.*
- Remove from the Fordow facility any uranium enriched above 5 percent. Take an unspecified amount of uranium enriched to 20 percent and retain it as working stock for the Tehran Research Reactor, which is used for medical purposes.¹*

Previously, the P5+1 and its earlier iteration, the United States and the so-called EU-3, demanded a suspension of all enrichment. Before that, the group demanded no enrichment at all and an end to the conversion of UF6 into precursors for enrichment. This time, the only suspension demanded is reportedly for six months. There is no demand to transfer enriched fissile material internally within Iran, let alone abroad. It is unclear whether the administration insisted on the shuttering of the heavy water facility at Arak. When I asked an administration official about Parchin, the suspected site of nuclear weaponization activities that Iran has assiduously been cleaning up over the last two years, he responded that Parchin is the IAEA's problem. For a full recounting of the evolving offers to and from Iran, the Arms Control Association has an excellent and specific history.²

¹ http://articles.washingtonpost.com/2013-10-07/world/42795228_1_enrichment-iran-s-economy-fordow

² http://www.armscontrol.org/factsheets/Iran_Nuclear_Proposals

Finally, on this question of how Iran will step back from its nuclear weapons programs, we need to consider the strong possibility that Iran has secret nuclear sites. Indeed, the United States has not discovered any covert Iranian nuclear site until it was well advanced, and in most cases revealed by another party. I have not spoken to a single official familiar with the intelligence from the United States or elsewhere who will deny that they suspect Iran is operating one or more covert nuclear sites.

Of course, the administration pats itself on the back that it holds the trump card in its hands: military action. I believe that the Iranians assess the likelihood of American military action under Barack Obama at zero. If they had any doubt about that before President Obama promised to bomb Syria and then backed off, the Syria spectacle has settled the matter. Both American and Israeli red lines for military action have evolved so dramatically over the years that no such statement can be viewed as a deterrent. In 2003, the IAEA demanded that Iran "suspend all further uranium enrichment-related activities, including the further introduction of nuclear material into Natanz..." In 2005, George Bush said, "We cannot allow the Iranians to have the capacity to enrich." In 2009, Barack Obama said: "[W]e do want to make sure that by the end of this year we've actually seen a serious process move forward, and I think that we can measure whether or not the Iranians are serious."

Ditto the Israelis: In 2005, Ariel Sharon said that Israel cannot live with an Iran with nuclear technology. In 2011, Ehud Barak said: "[T]he Iranians are gradually, deliberately entering into what I call a zone of immunity [...] I cannot tell you for sure, nor can I predict whether it's two quarters or three quarters. But it's not two or three years." Last year he warned that no more than one year remains to stop Iran from obtaining nuclear weaponry. Also last year, Benjamin Netanyahu said: "The red line should be drawn right here...Before Iran completes the second stage of nuclear enrichment necessary to make a bomb. Before Iran gets to a point where it's a few months away or a few weeks away from amassing enough enriched uranium to make a nuclear weapon." Iran has already reached that point according to numerous experts.

Even the United Nations Security Council has laid out its own set of red lines, demanding in no fewer than six binding resolutions that Iran suspend "all enrichment related and reprocessing activities". Remember that next time the Obama administration accuses anyone of ignoring the will of the international community or flouting international law.

Will additional sanctions persuade the Iranians of the need to end their program? Will strong action from the Congress persuade the administration to demand more of the Iranians? Yes and no. Only the strongest of sanctions have gotten Iran to the table. They have yet to agree to the de minimis demands of the Obama administration, let alone the more stringent ones of the United Nations and IAEA. Only tougher measures will keep them at the table and force genuine negotiations. Regarding the administration, however, we should understand that once given, concessions are hard to withdraw. What new sanctions will do is signal to the world that the United States is

not opening the floodgates to Iran, that this is not the beginning of the end of Iran's isolation, and that even if the administration chooses to use its own latitude to ease sanctions on Iran, Congress will backfill when possible.

One final point; we have spoken today of Iran's nuclear program, though of course Iran also has a growing and sophisticated missile arsenal. In addition, the regime in Tehran is the prime engine of the Assad regime's battlefield successes in Syria, the sole sponsor of Hezbollah, the world's most powerful terrorist group, a sponsor of Hamas, a spoiler in Afghanistan, in Iraq, in Bahrain, in Yemen, and a threat to the Iranian people. On most of those issues, the United States is doing too little. We are imposing few costs on Iran for its behavior at home or abroad, easing the path for Iran to destabilize the Middle East. And while this is not a hearing about terrorism or Syria, our decision not to impose costs on Iran for being one of the most malign regimes operating today means that we have needlessly frittered away leverage that could have offered us additional pressure points in nuclear negotiations.

The Committee also asked about the domestic Iranian environment in which Hassan Rouhani finds himself. My colleague at AEI, Will Fulton, assesses Rouhani as a genuine reformer within the context of the Islamic Republic. He wishes to sustain the system which was put at risk by Mahmoud Ahmadinejad and his friends in the Iranian Revolutionary Guard Corps. Mr. Rouhani is reportedly not on good terms with the IRGC, though he still enjoys the backing of the Supreme Leader. That being said, it is important to understand that Rouhani's remit is to set Iran once again on a stable footing, not to relinquish the nuclear weapons option or reconcile with the neighborhood's Sunni governments. American officials who see themselves as the key to Rouhani's credibility would be better served worrying about their own credibility. Their efforts to micromanage American domestic politics have been unsuccessful; efforts to manage Iran's are certain to fail.

Thank you.

Chairman ROYCE. Dr. Kahl.

**STATEMENT OF MR. COLIN KAHL, ASSOCIATE PROFESSOR,
GEORGETOWN UNIVERSITY**

Mr. KAHL. Chairman Royce, Ranking Member Engel, distinguished members of the committee, thank you for inviting me to testify.

Dani and Mark, it is great to be at the table with you.

The most recent round of talks between Iran and the P5+1 in Geneva were serious and sustained. Differences between the parties have been narrowed, bringing the broad contours of an interim agreement broadly into view.

It is clear that several sticking points remain, and we do now know whether a deal will materialize on November 20th when the parties reconvene, but if it ultimately resembles the agreement described in recent press reports, it would be a meaningful first step on the road to a final comprehensive agreement.

In the coming months the opportunity to meaningfully constrain Iranian nuclearization could be seized, leading to a peaceful outcome, or squandered, setting the stage for an Iranian bomb, another military confrontation in the Middle East, or probably both. As a former Deputy Assistant Secretary of Defense, I firmly believe that all options need to remain on the table to prevent Iran from acquiring nuclear weapons, but I also know enough about how a military conflict with Iran would likely unfold to understand that an enduring diplomatic outcome is far preferable to another war in this part of the world.

Achieving a peaceful solution will require close cooperation between the Obama administration and Congress. We have enough leverage at the moment to start the ball rolling toward a final agreement. More sanctions at this juncture are not required.

According to U.S. intelligence officials, Iran has already mastered the basic knowledge and technology required to eventually produce nuclear weapons if the regime decides to do so. Nothing, including a complete dismantling of the Iranian program, will put that technological genie back into the bottle. Instead negotiations should focus on a more concrete and achievable objective, which is placing meaningful and verifiable constraints on Iran's ability to translate rapidly its accumulated knowledge and civilian nuclear capabilities into nuclear weapons. That is, the deal we should be focusing on is one that would prevent an Iranian breakout capability.

Some analysts argue that U.S. negotiators should capitalize on existing leverage created by crippling sanctions and Iran's apparent willingness to negotiate to insist on a maximalist deal. My colleagues at the table appear to share that view. This approach is reflected in Israeli Prime Minister Netanyahu's four noes: No uranium enrichment at any level ever, no stockpiled enriched uranium, no centrifuges or centrifuge facilities, and no Arak heavy water reactor.

Attempting to keep Iran as far away from nuclear weapons as possible by making these demands seems reasonable, but in reality the quest for an optimal deal that requires a permanent end to Iranian enrichment at any level would likely doom diplomacy, making

the two worst outcomes, an Iranian bomb or a war with Iran, much more likely.

Regardless of the pressure from the United States, the Iranian regime is simply unlikely to agree to permanently end all fuel cycle activities, including enrichment. Khamenei has invested far too much of the regime's domestic legitimacy in an excess of \$100 billion to defend Iran's so-called rights to find this domestic enrichment to completely capitulate now. Indeed the Supreme Leader likely fears such a humiliation more than he fears escalating economic sanctions, economic collapse, or even targeted military strikes against his nuclear facilities.

Given profound reasons for the regime to reject a maximalist deal, pursuing one would require the United States to go to the very brink of war with Iran to achieve it. It would also require dramatic escalation of existing sanctions.

Yet pursuing such a high-risk strategy is unlikely to work and could backfire badly. First, it is unclear whether any escalation of sanctions could bring the regime to its knees in time to prevent Iran from achieving a nuclear breakout. If the Iran nuclear issue is as urgent as we all believe, that argues for having a deal sooner rather than later.

Second, and somewhat paradoxically, escalating sanctions at this moment would actually end up weakening international pressure. Whether one believes Rouhani or not, he has changed the international narrative and made Iran look reasonable. If we start to look like the unreasonable party, it will make it much more difficult to sustain the international cooperation isolating Iran.

Third, issuing more explicit military threats is also unlikely to achieve a maximalist diplomatic outcome since targeted military strikes against Iran's program would not hold the regime at risk. And, worse yet, signaling that our entire goal is to bring about an existential crisis for the regime would probably motivate them to accelerate their nuclear behavior to get a deterrent before that outcome materializes. So instead we should be focusing on a sufficient deal that prevents breakout.

The deal that the administration appears to be negotiating in Geneva would be a useful first step toward this outcome. It is not in and of itself the outcome; it is a first stop toward the outcome. The broad contours of the deal have already been outlined by the other speakers, although I will say that the financial relief is not anywhere close to \$50 billion. It is probably less than \$10 billion.

The question becomes whether in and of itself the first deal is a meaningful step, and the answer is yes in a number of respects. First of all, eliminating the 20 percent stockpiling, stopping 20 percent enrichment would double the breakout time from its current level. That is, it would take Iran twice as long to produce weapons-grade material after this deal goes into place than is true today. That is meaningful.

The deal would also put firm restrictions on building the fuel assemblies for the Arak nuclear reactor, which would also stop the clock on making that an unstoppable breakout capability for plutonium weapons.

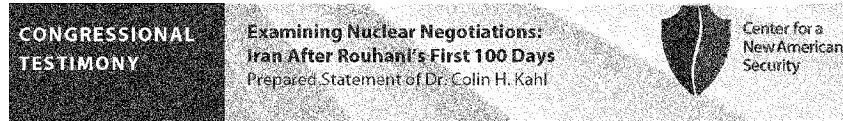
I could go into the other details about why the inspections regime and the rest of the detail of the agreement are likely to serve U.S.,

Israeli and other interests in whatever detail the committee members would like.

Last but not least, just let me say something about sanctions. Because of your hard efforts and the efforts of the administration, we have accrued an enormous amount of leverage. Nothing in the limited sanctions relief under this deal guts the oil or financial sanctions which are required to drive the Iranians toward a final proposal. And nothing of it would be permanent if the Iranians reverse course. At this juncture we have enough sanctions to get the Iranians across the goal line. The bigger risk is escalating sanctions at a very fragile moment of diplomacy and being responsible for diplomacy careening off the cliff.

Thank you very much.

[The prepared statement of Mr. Kahl follows:]



November 13, 2013

Testimony before the House Committee on Foreign Affairs

Prepared Statement of Dr. Colin H. Kahl

Associate Professor, Edmund A. Walsh School of Foreign Service, Georgetown University

Senior Fellow and Director, Middle East Security Program, Center for a New American Security

Chairman Royce, Ranking Member Engel, distinguished members of the Committee, thank you for inviting me here today to discuss negotiations over Iran's nuclear program.

The long-simmering nuclear crisis with Iran is approaching a critical inflection point. The election of Hassan Rouhani, a moderate former nuclear negotiator, as Iran's new president has re-energized diplomacy between Iran and the P5+1 (the United States, Britain, China, France, Germany, and Russia). Sanctions have taken a heavy toll on the Iranian economy, and Rouhani believes he has a popular mandate and sufficient latitude from Iran's supreme leader, Ayatollah Ali Khamenei, to reach an accommodation with the international community in exchange for lessening the pressure. The prospects for a comprehensive agreement to peacefully resolve the nuclear impasse have never been higher.

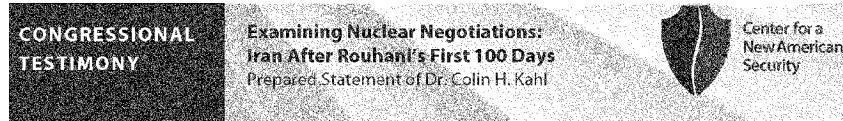
The most recent round of talks between Iran and the P5+1, held in Geneva, concluded on November 10. The negotiations were serious and sustained, including several hours of intensive bilateral discussions between the United States and Iran. Differences between the parties have been narrowed, bringing the broad contours of an interim nuclear agreement into view. Nevertheless, a number of sticking points remain.¹ Talks are set to resume in Geneva on November 20.

We do not yet know whether an initial deal will materialize. But if it ultimately resembles the agreement described in recent press reports, it would be a meaningful first step on the road to a final, comprehensive accord to address the Iranian nuclear challenge.

In the coming months, the opportunity to meaningfully constrain Iranian nuclearization could be seized, leading to a peaceful resolution of a decades-long conflict, or squandered, setting the stage for an Iranian nuclear bomb, another war in the Middle East, or both. As a former Deputy Assistant Secretary of Defense for the Middle East, I firmly believe all options should remain on the table to prevent Iran from acquiring nuclear weapons. But I also know enough about how military conflict with Iran would likely unfold to understand that an enduring diplomatic outcome is far preferable to another war.

Achieving a peaceful solution that prevents Iran from acquiring nuclear weapons will require continued

¹ Julian Borger and Saeed Kamali Dehghani, "Geneva Talks End Without Deal on Iran's Nuclear Programme," *The Guardian*, November 9, 2013, http://www.theguardian.com/world/2013/nov/10/iran-nuclear-deal-stalls-reactor-plutonium-france?CMP=share_gi; Laura Rozen, "Progress, But No Deal Yet, as Iran Talks Conclude," *Al-Monitor*, November 10, 2013, <http://backchannel.al-monitor.com/index.php/2013/11/19/iran-world-powers-claim-progress-in-talks-but-say-deal-needs-more-work/>; and Michael R. Gordon, Mark Landler and Jodi Rudoren, "Iran Balked at Language of Draft Nuclear Deal, Western Diplomats Say," *New York Times*, November 10, 2013, http://www.nytimes.com/2013/11/11/world/middleeast/iran-no-deal-in-hand-defends-negotiating-strategy-on-iran.html?hp&_r=0&pagewanted=all.



commitment to serious, tough-minded negotiations, and close cooperation between the Obama administration and Congress. Given the profound distrust between the United States and Iran, care must be taken to maintain diplomatic momentum and avoid missteps and backsliding that could otherwise put the parties on the road to confrontation. In particular, as U.S. negotiators work to get an initial agreement by the end of 2013 to halt the most troubling and urgent dimensions of Iran's nuclear enterprise, Congress should refrain from imposing additional sanctions or taking other actions that would tie the hands of our diplomats and undermine the prospects for success.

The Goals of a Peaceful Diplomatic Solution

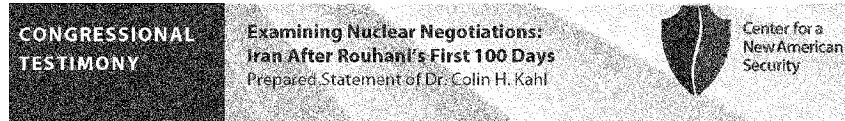
According to U.S. intelligence officials, Iran has already mastered the basic knowledge and technology required to eventually develop nuclear weapons, should the regime decide to do so.² Nothing, including the complete dismantling of Iran's nuclear infrastructure, will put this technological genie back in the bottle. Instead, negotiations should focus on a more concrete and achievable objective: placing meaningful and verifiable constraints on Iran's ability to translate its accumulated knowledge and civilian nuclear capabilities into nuclear weapons.

Specifically, diplomacy should aim to prevent Iran from achieving a nuclear "breakout capability," defined as the point at which Iran could produce fissile material for one or more nuclear weapons so quickly or so secretly that the international community could not detect it and respond in time. A final diplomatic agreement sufficient to prevent breakout should seek to:

- **Lengthen breakout timelines.** The final agreement should include sufficient technical constraints to ensure the timeframe between the initiation of breakout and the production of fissile material for one or more weapons is sufficient to allow interdiction.
- **Shorten detection timelines.** Verification mechanisms must be in place to ensure that breakout activities would be detected by International Atomic Energy Agency (IAEA) inspectors and through other means at the earliest possible stage.
- **Provide assurances against a covert nuclear infrastructure.** Transparency and verification mechanisms should be sufficient to detect construction of covert fuel-cycle facilities and weaponization activities.
- **Maintain a credible response to breakout.** In the aftermath of any agreement, the United States (and the international community) must also maintain the will and capability to take effective action, including the use of military force if necessary, to prevent the acquisition of enough fissile material for a nuclear weapon if breakout is detected.³

²As Director of National Intelligence James Clapper testified earlier this year, "Iran has the scientific, technical, and industrial capacity to eventually produce nuclear weapons." James R. Clapper, "Statement for the Record: Worldwide Threat Assessment of the U.S. Intelligence Community," Senate Select Committee on Intelligence, March 12, 2013, 7, <http://www.dni.gov/files/documents/intelligence%20Reports/2013%20IA%20SFR%20for%20SACU%2012%20Mar%202013.pdf>.

³For a discussion of these requirements, see Robert Einhorn, "Is a 'Good' Deal Possible?" (Brookings Institution, October 24, 2013), http://www.brookings.edu/research/speeches/2013/10/24_nuclear-deal-possible-iran-einhorn.



An agreement that met these conditions would prevent and deter Iran from racing to a nuclear bomb and, should the regime nevertheless decide to do so, provide ample time for the United States and the international community to interdict the process before it was completed.

The Dangers of Pushing for a Maximalist Deal

Some analysts argue that U.S. negotiators should capitalize on the existing leverage created by crippling economic sanctions and Iran's apparent willingness to negotiate to insist on a maximalist deal. Maximalists contend that nothing short of a complete dismantling of Iran's fuel-cycle activities – including its current uranium enrichment activities, as well as facilities that could eventually enable Iran to produce weapons-grade plutonium – can achieve the objective of preventing nuclear breakout, and nothing short of this ideal outcome would merit lessening pressure on Iran.¹ This approach is reflected in Israeli Prime Minister Benjamin Netanyahu's "Four No's": no uranium enrichment at any level; no stockpile of enriched uranium; no centrifuges or centrifuge facilities; and no Arak heavy water reactor.² Iran would also have to acquiesce to intrusive inspections to verify the dismantling of these capabilities and provide a full accounting of "past military dimensions" of its nuclear program.³ Incentivizing Iran to accept such an agreement, proponents argue, requires a steady escalation of U.S. sanctions and a credible threat of military action if Iran fails to agree.⁴

Attempting to keep Iran as far away from nuclear weapons as possible by demanding that the country completely abandon fuel-cycle activities, particularly the demand for zero enrichment, seems prudent and reasonable. All else being equal, the total absence of enrichment activities puts Iran further away from nuclear weapons than allowing some limited enrichment, and it would be easier to verify. Moreover, most countries with civilian nuclear power plants forgo domestic enrichment. (Although it is also the case that Argentina, Brazil, Germany, Japan and the Netherlands have domestic enrichment capabilities while remaining compliant with the Nuclear Non-Proliferation Treaty.) But in reality, the quest for an optimal deal that requires a permanent end to Iranian enrichment at any level would likely doom diplomacy, making the far worse outcomes of unconstrained nuclearization or a military showdown over Tehran's nuclear program much more likely.

Regardless of pressure from the United States, our allies, and the wider international community, the Iranian regime is unlikely to agree to permanently end all enrichment. Khamenei, the ultimate decider on the nuclear file, has invested far too much of the regime's domestic legitimacy in defending Iran's "rights"

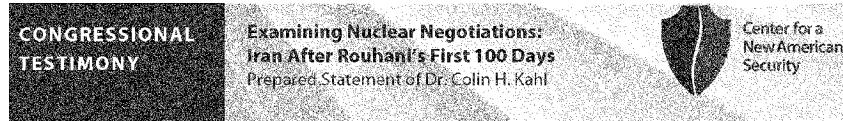
¹See, for example, Michael Singh, "The Straight Path to a Nuclear Deal with Iran," *Washington Post*, October 18, 2013, http://www.washingtonpost.com/opinions/the-straight-path-to-a-nuclear-deal-with-iran/2013/10/18/57346b10-380e-11e3-9e8b-4e2c180831fc_story.html.

²"Transcript of Netanyahu's UN General Assembly Speech," *Haaretz*, October 1, 2013, <http://www.haaretz.com/news/diplomacy-defense/1.580012>.

³For a discussion of past military dimensions of the program, see Office of the IAEA Director General, "Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions in the Islamic Republic of Iran" (November 8, 2011), Annex.

⁴Reuven Gechert and Mark Dubowitz, "Iran Wants the Bomb—and Sanctions Relief," *Washington Post*, October 11, 2013,

http://www.washingtonpost.com/opinions/iran-wants-the-bomb-and-sanctions-relief/2013/10/11/20ff0734-31e7-11e3-9e8b-1cf643210300_story.html; and Michael Singh, "Iran Nuclear Talks: A Brief History and the Road Ahead," *Policy Notes*, No. 15 (Washington Institute for Near East Policy, October 2013), https://www.washingtoninstitute.org/uploads/Documents/pubs/PolicyNote15a_Singh.pdf.



(defined as domestic enrichment) to completely capitulate now, even in the face of withering economic sanctions. The Islamic Republic has spent more than \$100 billion over decades and enormous amounts of political capital to master the knowledge and centrifuge technology associated with uranium enrichment.⁹ The nuclear program and “resistance to arrogant powers” are firmly imbedded in the regime’s ideological *raison d’être*. Khamenei and hardliners within the Revolutionary Guard are therefore unlikely to sustain support for further negotiations, let alone acquiesce to a final nuclear deal, if the end product reflects a total surrender for the regime. If Khamenei cries uncle and dismantles the entire Iranian program, how will he explain the tremendous expense and justify the years of sanctions and isolation to his people? What would it all have been for? Khamenei likely fears such a humiliation more than he fears economic collapse or targeted military strikes against his nuclear facilities. As RAND Corporation Iran analyst Alireza Nader observes, “[s]anctions are a danger to their rule, but weakness in the face of pressure might be no less a threat.”¹⁰

Nor are president Rouhani and his negotiating team likely to agree to halt enrichment and advocate for such a policy within the regime, since doing so would be political suicide. In 2003, during Rouhani’s previous role as Iran’s chief nuclear negotiator, he convinced Khamenei to accept a temporary suspension of enrichment. But further talks with the international community stalled in early 2005 over a failure to agree on Iran’s asserted right to enrichment, and Tehran ended its suspension shortly thereafter. Rouhani believes – as do the supreme leader and Rouhani’s critics in the Revolutionary Guard – that the West pocketed Iranian concessions and Tehran got nothing in return. The failure of Iran’s earlier approach under Rouhani facilitated the rise of Mahmoud Ahmadinejad and his hardline policies, including the development of a much more robust uranium enrichment capability. Rouhani is unlikely to make that mistake again. And even if Rouhani and his lead negotiator, foreign minister Javad Zarif, were somehow convinced to do so, the Iranian president would be savaged by his right flank.¹⁰

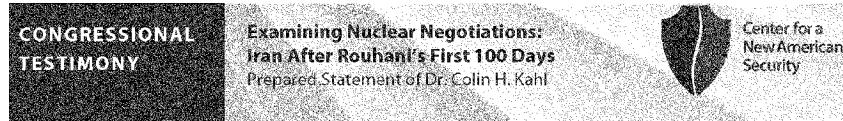
Some analysts disagree. The Council on Foreign Relations’ Ray Takeyh, for example, argues that Khamenei and Rouhani have boxed themselves in by raising such high expectations among the Iranian people for significant sanctions relief. According to this line of reasoning, regime fears of a popular backlash in the event that diplomacy fails produce considerable leverage for the international community to insist on a maximalist deal.¹¹ But this misreads Iranian political currents. Rather than boxing the regime in, Khamenei more likely believes that Rouhani’s election has bolstered the regime’s domestic standing, badly damaged after the fraudulent 2009 presidential elections, buying the regime additional room for

⁹Scott Peterson, “How Much is a Nuclear Program Worth? For Iran, Well Over \$100 Billion,” *Christian Science Monitor*, April 3, 2013, <http://www.csmonitor.com/World/Middle-East/2013/0403/how-much-is-a-nuclear-program-worth-For-Iran-well-over-100-billion>.

¹⁰Alireza Nader, “Pause on Additional Iran Sanctions Crucial to Negotiations,” *The Hill*, November 5, 2013, <http://thehill.com/opinion/rd/189371-pause-on-additional-iran-sanctions-crucial-to-negotiations>.

¹¹This section draws on Colin H. Kahl and Alireza Nader, “Zero-Sum Enrichment,” *ForeignPolicy.com*, October 14, 2013, http://www.foreignpolicy.com/articles/2013/10/14/zero_sum_enrichment_iran_us_nuclear_deal?page=full.

¹²Ray Takeyh, “The U.S. Not Iran, Has the Upper Hand in Nuclear Negotiations,” *Washington Post*, November 6, 2013, http://www.washingtonpost.com/opinions/takeyh-the-us-not-iran-has-the-upper-hand-in-nuclear-negotiations/2013/11/05/28217fd4-4574-11e3-a196-3546a02c2351_story.html.



maneuver with the Iranian public.¹² Rouhani's new moderate tone with the international community has also recast the Islamic Republic as the reasonable party, further mitigating the risks of a popular backlash, especially if further negotiations deadlock over "unreasonable" maximalist demands. According to a recent Gallup poll, only 13 percent of the Iranian public holds the regime responsible for the hardships produced by economic sanctions (46 percent blame the United States). The same poll found that 68 percent of Iranians support continuing the country's nuclear program despite economic sanctions,¹³ a finding consistent with other surveys showing widespread support for maintaining Iran's enrichment program even if it results in additional economic pressure.¹⁴ Consequently, if talks are seen to collapse because of Washington's insistence on demands for zero enrichment, the Iranian public is likely to direct their ire at United States, not the regime, for the diplomatic failure.

Given profound reasons for the regime to reject a maximalist deal, pursuing one would require the United States to go to the brink of the abyss with Iran, escalating economic and military threats to the point that the regime's survival was acutely and imminently at stake.¹⁵ Yet pursuing such a high-risk strategy is unlikely to succeed, and the consequences of failure would be profound.

First, it is unclear if any escalation of sanctions could bring the regime to its knees in time to prevent Iran from achieving a breakout capability. Although some analysts believe Tehran is on the ropes and that additional sanctions can force Iran to completely dismantle its nuclear program, they rarely explain how more sanctions would produce a sufficient threat to the regime *fast enough* to prevent Iran from crossing critical nuclear thresholds.¹⁶ Iran's apparent willingness to negotiate under pressure is not, in and of itself, evidence that more pressure will produce total surrender on the nuclear issue. There must be a mechanism to produce a regime crisis – and it must happen fast enough. Yet, while Iran's economy is in dire straits, the country does not appear to be facing imminent economic collapse.¹⁷ Khamenei and the

¹² Nazila Fathi, "Can Iran's President Rouhani Deliver Change in Relations with U.S.?" *CNN.com*, September 24, 2013, <http://www.cnn.com/2013/09/24/opinion/opinion-fathi-rouhani-us/>. See also the discussion of Khamenei's speech at Rouhani's inauguration in Mustafa-Labbad, "Rouhani, Khamenei Agree: Iran to Follow a Moderate Discourse," *Al-Monitor*, August 15, 2013, <http://www.al-monitor.com/pulse/tr/contents/articles/politics/2013/08/iran-new-president-nassir-rouhani-inauguration-speech.html>.

¹³ Jay Losikly, "Most Iranian Say Sanctions Hurting Their Livelihoods," *Gallup World*, November 6, 2013, <http://www.gallup.com/poll/165743/iranians-say-sanctions-hurting-livelihoods.aspx>.

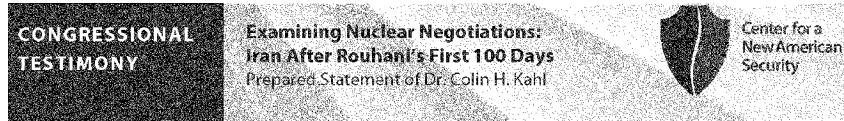
¹⁴ Geneive Abdo, "Iran's Nuclear Resistance," *Foreign Policy.com*, October 25, 2012, http://mideast.foreignpolicy.com/posts/2012/10/25/irans_nuclear_resistance.

¹⁵ Gerecht and Dubowitz, "Iran Wants the Bomb—and Sanctions Relief." At the same time, these authors admit it is very unlikely to succeed. "Every country has an economic breaking point," Gerecht and Dubowitz write. "But achieving that moment in the Islamic Republic will be extraordinarily difficult because such compromise is tantamount to spiritual suicide."

¹⁶ See, for example, Thomas Erdbrink, "Iran Staggers as Sanctions Hit Economy," *New York Times*, September 30, 2013,

http://www.nytimes.com/2013/10/01/world/middleeast/iran-staggers-as-sanctions-hit-economy.html?_r=0; and Mark Dubowitz and Rachel Ziemba, "When Will Iran Run Out of Money? The Impact of Sanctions on Iran's Foreign Exchange Reserves and the Balance of Payments" (Foundation for Defense of Democracies and Roubini Global Economics, October 2, 2013), http://www.defenddemocracy.org/stuff/uploads/documents/iran_Report_Final_2.pdf.

¹⁷ Andrew Torchia, "Analysis: Iran Economy Far From Collapse as Sanctions Tighten," *Reuters*, February 20, 2013, <http://www.reuters.com/article/2013/02/20/us-iran-economy-sanctions-idUSBRE1BSM20130220>; Patrick Clawson, "Iran Beyond Oil?" Policywatch 2062 (Washington Institute for Near East Policy, April 3, 2013), <http://www.washingtoninstitute.org/policy-analysis/view/iran-beyond-oil>; Ariel Zeitlinick, "Iran Sanctions: How Much Are They Really Hurting?" *Oil & Gas Science Monitor*, October 15, 2013, <http://www.csmonitor.com/World/Middle-East/2013/1015/iran-sanctions-how-much-are-they-really-hurting>; and Kenneth Katzman, "Iran Sanctions" (Congressional Research Service, October 11, 2013), 51–54, <http://www.fas.org/spp/cis/mideas/R52087.pdf>.



Revolutionary Guard also seem to believe that the Islamic Republic weathered worse during the Iran-Iraq war, an eight year conflict that killed hundreds of thousands of Iranians and produced over half a trillion dollars in economic losses before Iran agreed to a ceasefire. Even if Congress goes forward with additional harsh sanctions, economic conditions are not likely to produce enough existential angst among Iranian leaders, generate mass unrest, or otherwise implode the regime before Iran achieves a nuclear breakout capability. And even if the regime miraculously fell, it still might not prove sufficient to force a nuclear surrender. After all, the imprisoned leaders of the Green Movement and Iranian secularists opposed to the Islamic Republic also support Iran's declared right to enrichment.¹⁸ Therefore, if preventing nuclear breakout is an urgent priority, it would be advisable to pursue a framework that can realistically achieve that objective over the next year rather than gambling on a maximalist strategy that is unlikely to work and almost certainly will not work in time.

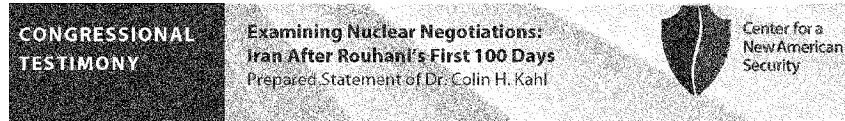
Second, and somewhat paradoxically, escalating sanctions at this moment could actually end up weakening international pressure on Iran. For better or worse, Rouhani has already succeeded in shifting international perceptions of Iran. If the United States, rather than Iran, comes across as the intransigent party, it will become much more difficult to maintain the international coalition currently isolating Tehran. In particular, if negotiations on a comprehensive framework collapse because of Washington's unwillingness to make a deal on limited enrichment – a deal Russia and China and numerous other European and Asian nations support – it will likely become much harder to enforce sanctions. Some fence sitters in Europe and Asia will start to flirt with Iran again, leaving the United States in the untenable position of choosing between imposing extraterritorial sanctions on banks and companies in China, India, Japan, South Korea, Turkey and elsewhere, or acquiescing to the erosion of the comprehensive sanctions regime.

Third, issuing more explicit military threats (through a possible authorization of the use of military force, for example) is also unlikely to achieve a maximalist diplomatic outcome. There is little doubt that maintaining a credible military option affects the Iranian regime's calculations, raising the potential costs associated with nuclearization. And, if diplomacy fails, the United States should reserve the option of using force as a last resort to preclude Iran from developing nuclear weapons. But short of invading, occupying and imposing regime change, threats to surgically strike Iranian nuclear sites, no matter how credible, would not hold the regime sufficiently at risk to compel them to completely dismantle their nuclear program.

Finally, attempting to generate an existential crisis for the Islamic Republic could backfire by increasing the regime's incentives to acquire nuclear weapons. This is especially true in the current diplomatic context. If the United States escalates economic or military pressure at the very moment that Iran has begun to finally negotiate in earnest, Khamenei will likely conclude that the real and irrevocable goal of U.S. policy is regime change rather than a nuclear accord.¹⁹ Solidifying this perception would enhance,

¹⁸"Mousavi: Iran Will Never Halt Enrichment," *Payvand Iran News*, April 14, 2009, <http://www.payvand.com/news/09/apr/1156.html>.

¹⁹For example, two prominent champions of escalating sanctions argue, "If we are going to pursue tougher international sanctions against Iran – and we should – the goal should be regime change in Iran, not stopping proliferation... Designing sanctions to make Khamenei relent in his 30-year quest for the bomb is a delusion; sanctions



rather than lessen, Tehran's motivation to develop a nuclear deterrent as the only means of ensuring regime survival.

In short, "playing chicken" with Iran in pursuit of maximalist goals is not likely to work. Gambling everything by insisting on an optimal deal could very likely result in no deal, leaving Iran freer and potentially more motivated to build atomic arms.

Good Enough: Pushing for a Sufficient Deal

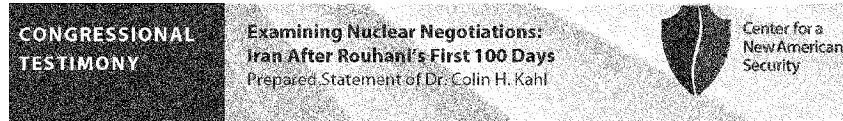
A complete dismantling of Iran's nuclear program – including a permanent end to uranium enrichment – is therefore not in the cards. Instead of pushing for an ideal-but-unachievable agreement, the United States and other world powers should push for a sufficient and achievable one: an accord that significantly limits fuel-cycle activities under stringent conditions and verification procedures designed to preclude Iran's ability to rapidly produce nuclear weapons.

A "sufficient" deal would have several major components:

- **Significant constraints on uranium enrichment**, including: a cap on enrichment at the 5 percent level sufficient for civilian nuclear power reactors but far from bomb-grade; neutralizing or otherwise limiting the size of Iran's domestic stockpile of low-enriched uranium (LEU) to below one-bomb's worth of material; limits on the number, quality and/or output of centrifuges; and limit the number and size of enrichment facilities.
- **Significant constraints on the plutonium track**, including: dismantling Arak, converting Arak to a proliferation-resistant light water reactor or otherwise neutralizing the facility; and prohibiting the future construction of reprocessing facilities.
- **An intrusive inspections regime**, including: ratification and implementation of the IAEA Additional Protocol, allowing inspections of undeclared facilities; requirements for early notification of new nuclear sites; more frequent inspections and 24/7 remote surveillance of key facilities; monitoring centrifuge research, development and production facilities, and uranium mines; and enhanced monitoring of trade in sensitive goods and technologies.
- **Transparency into past military dimensions of the Iranian nuclear program**, including: accounting for past weapons-related research and development; and providing IAEA access to key research facilities and scientists.

Taken together, these measures would substantially lengthen breakout timelines, shorten detection timelines and provide assurances against an Iranian covert infrastructure. For these reasons, leading arms control experts believe that such a comprehensive agreement would be sufficient to prevent Iranian

that could contribute to popular unrest and political tumult are not." Reuel Marc Gerecht and Mark Dubowitz, "Economic Regime Change Can Stop Iran Bomb," Bloomberg, January 16, 2012, <http://www.bloomberg.com/news/2012-01-17/economic-regime-change-can-stop-iran-commentary-by-gerecht-and-dubowitz.html>.



nuclear breakout.²⁰ Furthermore, nothing about this proposal would take any options “off the table” in the event that Iran violated the agreement, reconstituted elements of its program and attempted to build nuclear weapons. The United States and other members of the international community would retain the ability to set back the program by force if necessary – and the nature of the constraints and verification procedures contained in the deal would ensure ample warning time to carry out such actions before Iran crossed the nuclear threshold.

The significant constraints imposed on Iran’s program by such a proposal may be difficult for Tehran to stomach. But if paired with meaningful sanctions relief, it has a much better chance of success than insisting on the complete dismantling of Iran’s program. Crucially, irrespective of whether the United States and its P5+1 partners formally recognize a right to enrichment (a step U.S. negotiators correctly say they will not do), the fact of limited enrichment under a sufficient deal could still allow Khamenei and Rouhani to claim Iran’s asserted rights had been respected. Thus, unlike the maximalist approach, which banks on creating an existential crisis for the regime that is likely to fail or backfire, a deal that allows some limited enrichment under stringent constraints offers the regime a face-saving way out. Under such an agreement, Khamenei could tell the Iranian people: “I said we never wanted nuclear weapons and I have issued a fatwa [religious ruling] against them. But I insisted that our rights be respected, and now they are.”²¹ Given the reprehensible conduct of the Iranian regime, an outcome that allows the supreme leader to save face with his people is unpalatable. But it is clearly preferable to a world in which the same regime marches toward an atomic bomb.

Pushing for a tough-but-fair deal along these lines would also have the added benefit of maintaining vital international cooperation. Whereas insisting on maximalist demands risks shattering hard-built international consensus, pushing a sufficient deal along the lines suggested above would help maintain international pressure if talks falter. And, should it ever become necessary for the United States to employ military force to set back Iran’s program, championing a reasonable deal would increase the international legitimacy of such actions.²²

The Path to a Final Deal

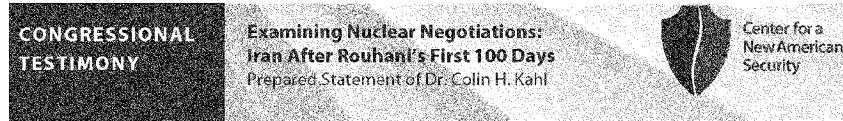
Achieving a comprehensive accord sufficient to prevent Iranian nuclear breakout will be difficult. But given the progress made thus far in Geneva, there is a plausible path forward.

Ongoing negotiations between Iran and the P5+1 envision a two-step process toward a comprehensive agreement. During first phase, which is the subject of current negotiations, media reports suggest that Iran would be required to:

²⁰ Patrick Micallef, David Albright, Houston Wood and Christina Walrond, “Iranian Breakout Estimates, Updated September 2013” (Institute for Science and International Security, October 24, 2013), 10–13, http://isis-online.org/uploads/isis-reports/documents/Breakout_Study_24Oct2013.pdf; and Einhorn, “Is a ‘Good’ Deal Possible?”

²¹ See Ali Hashem, “Obama Reference to Fatwa Makes Iran Hard-Liners Take Note,” *Al-Monitor*, September 25, 2013, <http://www.al-monitor.com/pulse/originals/2013/09/obama-rouhani-unveils-fatwa-iran.html>.

²² Dennis Ross and David Makovsky, “Iran’s Nuclear Games Demand a Tougher U.S. Approach,” *Washington Post*, May 27, 2013, http://www.washingtonpost.com/opinions/irans-nuclear-games-demand-for-a-tougher-us-approach/2013/05/27/3616b7e-c6e3-11e2-9245-7736123c027_story.html.



- Stop producing enriched uranium at the near-bomb-grade 20 percent level.
- Neutralize most of its existing 20 percent stockpile through some combination of oxidation, downblending and/or conversion to fuel assemblies.
- Agree not to activate advanced IR-2m centrifuges.
- Freeze or reduce the number of operational IR-1 centrifuges enriching to the 3.5 percent level.
- Halt construction of the Arak heavy water reactor or, at the very least, refrain from loading fuel into the reactor.
- Agree to more intrusive inspections.²³

In exchange for these initial Iranian steps to address the most urgent elements of their nuclear program, the Obama administration appears prepared to offer limited, targeted and reversible sanctions relief. According to media reports, this may include: a temporary suspension of sanctions on trade with Iran in petrochemicals, gold and other precious metals; waiving proliferation designations of Iran's auto industry; providing access to civilian aircraft parts; and/or a mechanism for releasing some Iranian funds tied up in overseas escrow accounts.²⁴ Sanctions would only be suspended for the period of the agreement (approximately six months) and could be "turned back on" if Iran fails to honor the deal.

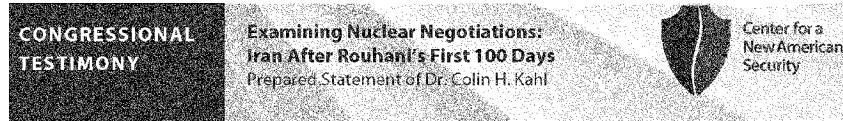
Critics of this prospective deal, most vocally Prime Minister Netanyahu, argue that it does far too little to constrain Iranian nuclear capabilities. They also contend that the associated offer of economic relief is too generous, risking the viability of the overall sanctions regime and reducing the pressure required to compel more meaningful Iranian concessions.²⁵

But a closer examination reveals that the proposed interim agreement is very much in the interest of the United States and our closest allies, including Israel. If an interim deal along these lines is agreed to and implemented, it would halt and begin to roll back the most troubling aspects of the Iranian program. By halting 20 percent enrichment and significantly reducing Iran's stockpile of 20 percent material, it would immediately address the very threat Netanyahu highlighted in his "red line" speech to the United Nations

²³ Karl Penhaul and Elise Labott, "Hopes Rise for Iran Nuclear Accord Soon; Netanyahu Warns Against 'Very Bad Deal,'" *CNN.com*, November 8, 2013, <http://www.cnn.com/2013/11/08/world/meast/iran-nuclear-talks/>; and Daryl G. Kimball and Kelsey Davenport, "A Realistic, Meaningful Nuclear Deal with Iran is Within Reach," *Arms Control Now*, November 8, 2013, <http://armscontrollnow.org/2013/11/08/a-realistic-meaningful-nuclear-deal-with-iran-is-within-reach/>.

²⁴ Kimball and Davenport, "A Realistic, Meaningful Nuclear Deal with Iran is Within Reach."

²⁵ Jodi Rudoren, "On Iran, Netanyahu Can Only Fume," *New York Times*, November 8, 2013, <http://www.nytimes.com/2013/11/09/world/middleeast/on-iran-netanyahu-can-only-fume.html?pagewanted=2&pageNumber=2>; Barak Ravid, "Israel Believes U.S. Making Too Many Concessions in Negotiations with Iran," *Haaretz*, November 9, 2013, http://www.haaretz.com/mobile_premium_1.357131?v=3MADB5HE5L89417F490C5A311DFCB; and Jean-Luc Renaudie, "Israel Moves to Thwart 'Dangerous' Iran Deal," *Yahoo! News*, November 10, 2013, http://news.yahoo.com/netanyahu-easing-iran-sanctions-printing-hole-air-17451229.html?_ylt=A2KJGZe495sh04AAl_0IDwD.



General Assembly last year.²⁶ The Institute for Science and International Security estimates it would currently take Iran as little as 1.3-2.3 months to produce one bomb's worth of weapons-grade uranium using a combination of its 3.5 percent and 20 percent uranium stockpile.²⁷ However, if Iran stops 20 percent enrichment and neutralizes most of its 20 percent stockpile, this would lengthen the breakout time for weapons-grade uranium to 3.1-3.5 months.²⁸ It would thus take longer for Iran to produce fissile material the day after such an agreement was implemented than is the case today. And since IAEA inspectors visit Iran's enrichment facilities at Natanz and Fordow every one to two weeks, on average, there would be sufficient time to detect any Iranian attempts to produce bomb-grade material. Furthermore, if an initial agreement freezes IR-1 centrifuge installation and precludes operation of advanced IR-2m centrifuges, as reported, it would make it more difficult for Iran to make further advances over the next six months that would otherwise reduce the time needed to enrich its stockpile of 3.5 percent LEU to weapons-grade level. Last but not least, if the agreement slows or halts the construction of Arak, or at least credibly prevents fuel loading, it would address the pressing concern that the reactor could become operational as soon as mid-2014, potentially providing Iran with an unstoppable plutonium pathway to a bomb before a final deal to resolve the status of the reactor can be reached.²⁹ In short, there is little doubt that this agreement would leave us better off relative to the status quo and anticipated Iranian technical advances over the coming months.

To be sure, an interim deal along these lines would not, in and of itself, be enough to achieve the objective of preventing a nuclear-armed Iran. No member of the P5+1, and certainly not the Obama administration, is under any illusion about this fact. But it would serve as a vital "first step" toward a final settlement, putting essential time back on the nuclear clock for a second phase of negotiations aimed at reaching a comprehensive agreement.

Also overblown is the concern that the envisioned sanctions relief in phase one of this process would undermine the ability to achieve a final deal. Nothing about the temporary and reversible sanctions relief package currently under discussion fundamentally weakens oil and financial sanctions – the most crippling elements of current pressure on Iran – or dismantles the international architecture supporting these measures. Consequently, even after the interim deal goes into effect, the United States and its P5+1 partners would still maintain significant leverage to incentivize the Iranian regime to agree to comprehensive constraints on its program during the next phase of negotiations.

Not the Time for New Sanctions

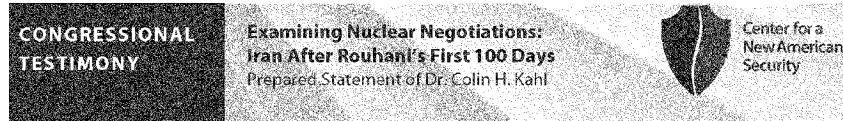
According to media reports, the administration has asked Congress to refrain from passing additional sanctions legislation until the end of the year in order to conclude the first phase of this two-step process.

²⁶"Full Text: Benjamin Netanyahu's Speech at the United Nations General Assembly," *National Journal*, September 27, 2012, <http://www.nationaljournal.com/national-security/full-text-benjamin-netanyahu-s-speech-at-the-united-nations-general-assembly-20120927>.

²⁷Patrick Migliorini, David Albright, Houston Wood, and Christina Walrond, "Iranian Breakout Estimates, Updated September 2013," (Institute for Science and International Security, October 24, 2013), http://isis-online.org/uploads/isis-reports/documents/Breakout_Study_29OctSep2013.pdf.

²⁸Email correspondence with David Albright, November 11, 2013.

²⁹It is worth noting that Arak has experienced repeated construction delays and Iran appears to be having significant problems producing adequate numbers of fuel assemblies for the reactor. Consequently, Arak is not likely to become operational until late 2014 or 2015, at the earliest. See Mark Hibbs, "The IR-40 and Diplomacy" (Carnegie Endowment for International Peace, October 24, 2013), <http://carnegieendowment.org/2013/10/24/ir-40-reactor/gr68>.



Given the apparent willingness of the Iranians to engage in serious negotiations under the pressure of existing multilateral and unilateral sanctions (including those imposed by previous legislation passed by Congress), this is a reasonable request.

At this stage, there is no need for Congress to pass additional sanctions unless Iran fails to agree to concessions in the current phase of talks. It would also be counterproductive to impose new sanctions at this juncture since doing so risks convincing the supreme leader that Rouhani's experiment with moderation is a fool's errand, empowering Iranian hardliners and aggravating tensions within the P5+1 and the wider international coalition currently isolating Tehran.³⁰

Nevertheless, Congress should be prepared to ramp up the pressure through additional sanctions legislation if no meaningful interim agreement is reached by the end of this calendar year, or if one is concluded and Iran backslides. If Congress does so, however, lawmakers should carefully construct the legislation to ensure that new sanctions are reversible in the event of a final nuclear deal and avoid attaching conditions tied to other undesirable, but unrelated, Iranian behavior. Congress should also refrain from limiting executive discretion or waiver authority. Undermining executive discretion would greatly complicate diplomacy by conveying to Iran that American offers of even temporary, reversible sanctions relief are simply not credible. Stripping presidential waiver authority could also complicate the Obama administration's efforts to keep many of Tehran's closest trading partners from exiting the international coalition isolating Iran. Tremendous sanctions efficacy is derived from the adherence of China, India, Japan, South Korea, Turkey and a few other remaining Iranian energy consumers. If Congress takes away the administration's leverage to craft an accommodation with Iran that is viable for Iran's main trading partners, it risks alienating and driving away these countries. The result could be a net reduction in the effectiveness of pressure on Iran.

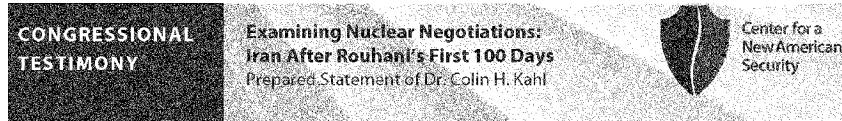
Finally, if Iran ultimately agrees to and implements a comprehensive and verifiable deal sufficient to prevent nuclear breakout, Congress should be prepared to support such an agreement by offering proportional sanctions relief. To be clear, non-nuclear Iran sanctions focused on terrorism and human rights should not be eased by progress on the nuclear issue. If a nuclear accommodation is achieved, the only sanctions that should be rolled back are those related to Iran's nuclear activities or the generation of revenue Tehran can use to finance nuclear activities.³¹

Conclusion

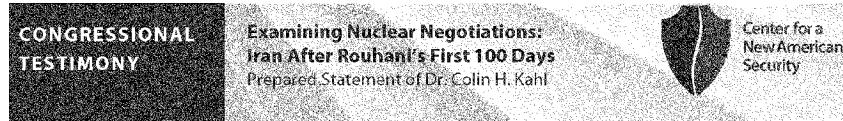
As diplomacy with Iran enters a critical period, the United States should be mindful not to accept a bad deal. But an interim agreement along the lines discussed in Geneva would not be a bad deal; rather, it would serve as a meaningful first step toward a comprehensive resolution to the Iranian nuclear challenge. As the Obama administration and its P5+1 partners work to prevent Iran from acquiring nuclear weapons, Congress has an important role to play to ensure that any final accord advances U.S. national interests. As it does so, however, lawmakers should resist the temptation to insist on an optimal but

³⁰Nader, "Pause on Additional Iran Sanctions Crucial to Negotiations."

³¹For a more fulsome discussion, see Elizabeth Rosenberg and Colin H. Kahl, "The Great Unwind: Iranian Nuclear Negotiations and Principles for Sanctions Relief" (Center for a New American Security, October 2013), http://www.cnas.org/files/documents/publications/CNAS_GreatUnwind_policybrief_RosenbergKahl.pdf.



unachievable agreement. If we are to avoid the worst possible outcomes – unconstrained Iranian nuclearization or another major war in the Middle East – then a good-if-imperfect deal is clearly preferable to no deal at all.



Biography

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Dr. Colin H. Kahl is an associate professor in the Security Studies Program at Georgetown University's Edmund A. Walsh School of Foreign and a Senior Fellow and Director of the Middle East Security Program at the Center for a New American Security (CNAS).

From February 2009 through December 2011, Dr. Kahl served as the Deputy Assistant Secretary of Defense for the Middle East. In that capacity, he developed and implemented the U.S. Defense Department's strategy and policy toward Bahrain, Egypt, Iraq, Iran, Israel and the Palestinian territories, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates and Yemen. During his tenure, he played a lead role in: designing and overseeing the responsible drawdown and transition strategy in Iraq; shaping the Pentagon's efforts to counter Iran's nuclear weapons ambitions and destabilizing activities; promoting unprecedented defense cooperation with Israel; building a regional security architecture in the Gulf; and crafting the Department's response to the Arab Awakening. In June 2011, Dr. Kahl was awarded the Secretary of Defense Medal for Outstanding Public Service by Secretary Robert Gates.

Dr. Kahl has published widely on U.S. defense strategy in the Middle East, including articles in *Al-Monitor*, *Defense One*, *Foreign Affairs*, *Foreign Policy*, *International Security*, *The Los Angeles Times*, *Middle East Policy*, *The National Interest*, *The New York Times*, *The Washington Post* and *The Washington Quarterly*. He has also published numerous works on the sources of political instability and violent conflict in developing countries, including *States, Scarcity, and Civil Strife in the Developing World* (Princeton University Press, 2006).

From 2000-2005 and 2007 Dr. Kahl was a professor of international relations in the political science department at the University of Minnesota. In 2005-2006 he was a Council on Foreign Relations International Affairs Fellow working on stability operations and counterinsurgency at the Department of Defense. In 1997-1998 he was a National Security Fellow at Harvard University's Olin Institute for Strategic Studies. He received his Ph.D. in political science from Columbia University in 2000 and his BA in political science from the University of Michigan in 1993.

Chairman ROYCE. I remember well—before I go to my question, Ms. Pletka, I wasn't in Congress at the time, but I remember well the Reagan administration arguing as passionately against escalation of dramatic sanctions against South Africa that had the bomb, and I remember the consequence of Members of Congress insisting that regardless of the fact that those sanctions might be debilitating, might create a certain crimp in our diplomacy with South Africa, the probable result, said Republicans and Democrats in the House and Senate at the time, was that we would bring South Africa to the table because it would be unendurable for the South Africans to continue both their efforts with apartheid as well as their ongoing efforts with their nuclear program.

It turned out in retrospect that the Members who passed that legislation in the House and Senate did have the legislation vetoed by the administration, but that veto was overridden by both Houses, as I recall, and the consequences of it was that the Government of South Africa, those involved in that process, said afterwards, we wouldn't have lasted a week if we had not turned over the nuclear weapons program, if we had not turned over the bomb, and had we not changed from apartheid.

I would just say that we have heard from the experts before in terms of the likely results, adverse results, of dramatically increasing sanctions, but I was going to ask Danielle Pletka, Dani, what is your take on what happened with respect to our failure to do so with North Korea? Because I remember well Treasury designed a program in 2005 to put sanctions on North Korea, and we did it. State wanted them lifted; argued that if we lifted it, that we would get the results that were promised by the leader in North Korea at the time. And the consequences, of course, were very different than what was anticipated. We did not go through in that case with our full-throttle sanctions, we lifted that, and what was the consequence?

Ms. PLETKA. I think North Korea has tested three times as a result of our fine negotiating efforts. And I want to remind the members who was involved with the negotiating efforts because it was Wendy Sherman, the same person who we have in Geneva.

There is another point here. There are two important points.

Mr. SHERMAN. Point of personal privilege. No relation.

Ms. PLETKA. No accusation from me.

There are two important points in what you said, I think. The first is about South Africa. The only time when these negotiations have succeeded is when government changed. So, for example, some of the former states of the Soviet Union have also been willing to give up their nuclear programs, but it is only when the government is changed. It is not as a result of clever negotiations on the part of the United States or anyone else.

The second point is how similar these discussions and the framework, which is being referred to casually as a framework, with Iran is to the agreed framework with North Korea. It is also premised on this notion of sequencing, which is that is they give a little, we give a little, and then theoretically they give a little more, and by that we all build confidence in each other.

As you rightly said, I think the evidence is pretty clear about North Korea. We gave a little, they gave nothing. We gave more,

and they still gave nothing. By the end we were actually giving to get them to the table. We were giving them food and bribing the North Koreans just in order to get them to agree to come to the talks, and then they would take that and provide it to their military, and so we even had to stop that. So point well taken.

Chairman ROYCE. Well, during the Bush administration we had these arguments with the Bush administration. Democrats and Republicans were arguing with the administration. The administration was saying a small amount of sanctions relief was worth it to get a deal that would constrain its nuclear program. Unfortunately had we listened, in my opinion, to Treasury at the time, talking to some of the defectors out of the missile program, they said when those sanctions have been deployed, they couldn't get the hard currency to buy the—on the black market to buy the gyroscopes that they needed for their missiles.

I was going to ask Mr. Dubowitz about his comment about this limited sanctions relief and the argument that if you go down that road, the floodgates, as you said, could be opened in terms of the unraveling of existing sanctions, which serve right now to drive a lot of capital flight out of the country to try to—that serve right now to force the Government of Iran to make some tough choices. Give me your assessment on that again in detail, if you would.

Mr. DUBOWITZ. Thank you, Chairman Royce.

First of all, I think there is a fundamental misunderstanding about sanctions. There is a lot of reference about the sanctions architecture. Somehow these sanctions are a house, and that we have got pieces of legislation with words on them, and that has created fear in the marketplace.

What has created fear in the marketplace has been the escalation of sanctions. It is the fear that every few months the administration is going to impose new sanctions through designations and Executive Orders, and every 6 to 12 months Congress is going to pass new sanctions, and it is going to create an economic mine field around Iran.

And as a result of that, the administration hasn't had to actually sanction that many companies. If you look at the number of companies that have been penalized and the number of designations that have actually taken place, they are actually relatively few, and the reason for that is it has created fear, and fear is a great motivator in overcoming greed in the international marketplace.

What we are talking about now with respect to sanctions relief in its most general terms is to actually stop that escalation, to actual deescalate. And in deescalating the sanctions, what we are doing is we are enticing international companies to test our resolve and to go back into Iran's lucrative energy sector to start facilitating financial transactions and start facilitating shipping, et cetera. There are companies who want to go back in. We see media reports of major energy companies who want to invest back in Iran, who want to buy more black market oil, and those companies are waiting to test our resolve.

Chairman ROYCE. Well, Dr. Kahl warns against pushing for what he terms a maximalist deal with Iran. Ms. Pletka notes that there are six binding resolutions of the U.N. Security Council demanding

that Iran suspend all enrichment and all reprocessing activities. So the administration's approach would undercut these resolutions.

Mr. Dubowitz, you note that the administration isn't even working toward a de minimis agreement. What are the conditions that we need to see put in place, in your opinion? And I will close with that question.

Mr. DUBOWITZ. Well, I think that the de minimis agreement—and David Albright has actually come forward with an interesting de minimis proposal, a bare minimum proposal. And one of the elements that I found most interesting in David's proposal is the requirement that Iran must freeze all centrifuge manufacturing immediately.

It is important to understand that what the Iranians have been very adept at doing is creating nuclear facts on the ground, and that this reported Geneva deal would not terminate any centrifuge manufacturing. So what the Iranians could do in the next 6 months is they can build new centrifuges. They can build thousands of new centrifuges, and they can take those centrifuges, they can put them in inventory, they can wait until they get closer to a final deal, then if a deal breaks apart, they are ready to install thousands of new centrifuges, which extends their breakout capacity. They can also take some of those centrifuges and they can hide them away in secret enrichment facilities.

So one of the reasons this is a key deal term is this is absolutely critical to ensuring that Iran doesn't have secret enrichment facilities, which has been the fear of the Intelligence Community for many, many years. That is one element of a de minimis deal that reportedly was not part of the Geneva negotiations.

I think just as an overall response, Chairman Royce, we are at the high-water mark of our negotiating leverage right now, and the fact that we even term our demands maximalist instead of the absolute bare minimum shows that from a negotiating point of view, the Iranians are willing to come in, negotiate with us, and bring our demands down. We should be insisting that enrichment is a minimum requirement, not a maximalist requirement, as Under Secretary Sherman said just a couple of months ago.

Chairman ROYCE. Mr. Engel.

Mr. ENGEL. Thank you, Mr. Chairman.

To me, one of the questions—and you all talked about it a little bit, but I would like to hear more about it. The question really hinges on whether we need an interim agreement, or should we just be negotiating a final agreement. Netanyahu has said that we shouldn't reach an interim deal with Iran where they only limit part of their nuclear program in return for the relief of some sanctions. He argues that once you relieve the pressure on Iran, you will never be able to turn it back up, and Iran will never take the necessary steps to eliminate the nuclear weapons program. The administration thinks, or said to me, they think an interim deal is necessary in which we pursue and even set back the Iranian program for 6 months. They say much about the fact that this will be the first time that the Iranian nuclear program would be slowed down.

So the question I would like to really ask is do we need an interim deal, or should we just not—should we negotiate until we have a final deal? I would like to ask each of you that.

Mr. Dubowitz?

Mr. DUBOWITZ. Well, the dangers of the interim framework is exactly what we are seeing, is that the Iranians are giving up de minimis nuclear concessions, and we are essentially unilaterally suspending the escalation of our sanctions. And in addition, we are offering real tangible hard currency sanctions relief.

The dangers of an interim process is that the Iranians are going to enhance their nuclear negotiating leverage through facts on the ground, and we are going to diminish our economic leverage as companies become less fearful of U.S. sanctions and penalties, and as the web of sanctions begins to unwind. The architecture in legal terms may stay in place, but the absolute psychology may change. We may find ourselves in 6 months' time back in Geneva where the Iranians have enhanced their negotiating leverage, we have undermined ours, and that final deal will not do what it was intended to do, which is to stop Iran's march to nuclear weapons capability.

That is the danger of an interim framework. I think that is why we should be approaching these negotiations as an entire negotiation where everything is on the table. While the Iranians continue to enrich and continue to construct their heavy water reactor and building centrifuges, we need to be escalating our negotiating leverage through new and additional sanctions. Then let us put Khamenei to the test between a nuclear bomb and the survival of his economy.

Mr. ENGEL. Ms. Pletka?

Ms. PLETKA. What is most striking to me is how the nature of our negotiations has changed. We are negotiating on Iranian terms, and I think it is important to understand that when you think about the interim agreement.

We have always characterized the battle in Iran as two timelines, the timeline in which our sanctions are effective in getting them to the table and giving up their program, and their race to a bomb. Essentially what we are giving them by what we understand as the proposed offer that was given in Geneva is we are giving them the time to work on their program and the relief from the sanctions. So we are really giving on both sides while gaining almost nothing.

There is another factor here. I was really struck by something Colin said, that we need a deal sooner because Iran is close. And if we don't do a deal sooner, if we have to look at a military option, they may well be at a point where they have a nuclear weapon.

Do we understand what leverage we have over time given the Iranians that he has just given away in this statement that we better do a deal now, otherwise they are going to have a nuclear weapon? That is unconscionable. In addition, what are the Iranians proposing to give away? Something that before 1½ years ago they weren't doing, which is enriching to 20 percent.

So the notion that we are somehow more skilled negotiators than the Iranians and that we are going to gain a trick on them by this interim step to me seems palpably false.

Mr. ENGEL. Let me ask Dr. Kahl. I am sure his answer will be a little different.

Mr. KAHL. You probably suspect my view differs a little bit. Look, we have to have an interim deal, and the reason is we need the time, and we need the time for two reasons. First, the ultimate comprehensive deal, whatever its shape, maximalist, de minimis, whatever your terms are, is going to take a long time to negotiate. It is going to take 6 or 12 months.

And that brings me to the second issue, which is Iran is making steady nuclear progress. Nobody denies that. The challenge is if you don't slow or halt or start to roll back their program, you are going run out of negotiating room before they reach a critical threshold that would enable them to break out. So it is irresponsible, in my view, not to have an interim deal that effectively stops the clock so that you can negotiate the final deal.

The alternative is that we basically play a game of chicken with the regime. We gamble on the notion that their regime will be brought into an existential crisis in the next 6 months, and that they will swerve. The problem is this is a regime that lasted for 8 years during the Iran-Iraq war in which they lost $\frac{1}{2}$ million dead and experienced more than $\frac{1}{2}$ trillion in costs. They are not on the brink of extinction, they are not likely to cry uncle in the next 6 to 12 months, which means we need to buy time through an interim deal.

Mr. ENGEL. But, Dr. Kahl, let me say this: Shouldn't we be saying to the Iranians, as long as we are negotiating, you don't enrich. Shouldn't we at the minimum be sitting down with them saying—I think that Mr. Dubowitz and Ms. Pletka mentioned this—there have been United Nations Security Council resolutions saying that Iran must abandon its enrichment, so why are we stepping back from those resolutions? Might not that be a way to buy time?

Mr. KAHL. I don't think the administration is actually stepping away. I think that the U.N. Security Council resolutions will have to be addressed during the period of negotiations. The question is whether you can get the Iranians to completely suspend their program now. They are unlikely to do it. For one thing, Rouhani agreed to do that in 2003 and believes that the West pocketed those concessions. He is not likely to make that mistake again. So we have to push for the U.N. Security Council resolutions to be addressed as part of the process of a final deal.

But in terms of interim deal, it doesn't need to be addressed. And I think it is important for the committee to understand this deal would stop 20 percent enrichment; it would eliminate or neutralize most of their 20 percent stockpile; it would stop new installations of centrifuges. Contrary to what Mark said, it would not allow them to stockpile new centrifuges; it would allow them to repair broken ones, but not stockpile them. And it has a meaningful solution for Arak. It would halt the program, the most troubling parts of the program, for a period of time to negotiate an agreement that can address the U.N. Security Council resolutions.

Mr. ENGEL. I am way over my time. Thank you, Mr. Chairman.

Chairman ROYCE. Ms. Ros-Lehtinen of Florida.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman.

Well, history has shown us that our high hopes on Iran are misplaced and are always met with empty promises. The U.S. should only deal with Iran from a position of strength, and Iran senses weakness in our current approach. Iran is using the North Korea playbook until it realizes its ultimate objective.

It took years for us to get sanctions in place that were strong and effective enough to bring Iran to the negotiation table, and now that the moment is upon us, we cannot falter. We must stay strong in sanctions, yet at the first sign of this fairy tale progress, we balked. We offered Iran sanctions relief just for the opportunity to give them more time to complete its nuclear ambitions without any enforcement—true enforcement mechanisms.

Dr. Kahl, you state that escalating sanctions now could weaken international pressure on Iran, and that doing so would tie the hands of our diplomats. But if Iran came to the negotiation table because the impact the sanctions are having on its economy, wouldn't continuing to pressure Iran bring it to the point where it would be forced to decide between total collapse of its economy or completion of its nuclear program?

And I will continue, the impact sanctions have had on Iran are obvious, but imagine how much more effective they could have been if we in the United States fully and forcefully implemented and enforced them 100 percent of the time with no waivers. That is not happening now.

Ms. Pletka, you testified that you believe that Congress has not done its due diligence, and we have not forced the administration to enforce existing laws. I could not agree more with you. For over 10 years, administration after administration, I have been trying to remove waiver authority, have introduced and passed several sanctions bills, and constantly pushing for stronger and more comprehensive sanctions so that the true intent and impact of these laws can be felt.

Do you believe the lack of enforcement has weakened our hands at the negotiations and undermined sanctions?

And finally, Mr. Dubowitz, you argue that core sanctions should remain in place, but favor unfreezing certain Iranian assets. Wouldn't injecting funds into Iran's economy embolden the regime and alleviate the pressure, thus eliminating the only reason why it came to the negotiation table?

We will start with any of you. Ms. Pletka.

Ms. PLETKA. A lot of questions. Thank you, Congresswoman Ros-Lehtinen.

You asked me about enforcement. What has always struck me about this problem—and I came to the Hill in 1992, and we were working on the Iran-Iraq Nonproliferation Act when I came. It is always—sanctions are always a lagging indicator of the seriousness of the Iranian nuclear program, and that is the real problem. The closer they get, the more serious we are. But it is triggered by them, not by us. And I believe that the President has had the tools in his hand. I believe Bill Clinton had the tools in his hands in 1992 to begin to do the right thing. I think successive Presidents have had additional tools in their hand and substantial pressure with the legislation.

The problem really is that they have never wanted to enforce, and they have never wanted to lean particularly on our allies. Colin is absolutely right, they didn't want that pressure. But what we see now at this eleventh hour is those sanctions made a difference, and the problem is that new ones will make a bigger difference.

Ms. ROS-LEHTINEN. Thank you.

Mr. DUBOWITZ. The problem right now is that we have had a policy of all options are on the table. And now the President of the United States is taking all of those options off the table. He is taking the military option off because of the debacle in Syria, and because nobody, including Ali Khamenei, believes that the U.S. President will use military force to blow out his nuclear facilities. He is now asking the U.S. Congress to take sanctions off the table. So no military force, no sanctions, rely on diplomacy. Well, diplomacy without military threat and without sanctions is not coercive diplomacy, it is "trust me" diplomacy, and this is a regime that we cannot trust.

By the way, this is a regime that has blinked many times in the past in response to significant U.S. Pressure. The notion that this regime does not cry uncle is not supported by the facts.

Third is the idea of sanctions relief. If you are going to give sanctions relief, first thing you should do is take away all of Iran's money. They have over \$80 billion in foreign exchange reserves. Quite a bit of that is accessible. Lock it down through financial sanctions. Once you have locked it down, only then if they take steps to verify and dismantle their military nuclear program should you begin to release some money, but don't give it back to Ali Khamenei and Rouhani.

Ms. ROS-LEHTINEN. So there is still so much we can do.

Mr. DUBOWITZ. Well, the fact of the matter is don't give it back to the regime; take it out of Chinese escrow accounts, put it in German escrow accounts, where the Iranians like to go shopping. At the end of the day snap it back when they cheat.

Ms. ROS-LEHTINEN. We are out of time. Thank you, Mr. Chairman.

Chairman ROYCE. Mr. Brad Sherman of California.

Mr. SHERMAN. Those sanctions, at least tougher than we had before, brought Iran this far. They are clearly better now than they were 6 months ago.

Why wouldn't the negotiations be more successful if the Senate were to pass the bill that this House passed by 400 votes? Why abandon the strategy that I think everybody agrees has forced Iran to at least change its image and its sound, to put sugar in its rhetoric, and, according to the opponents of sanction, have caused Iran to improve its behavior?

Dr. Kahl?

Mr. KAHL. That is a good question. I don't think there is any doubt that the pressure of sanctions has brought the Iranians to the table. I think that it partly explains why Rouhani campaigned on the platform that he did, which was to improve the Iranian economy through an accommodation——

Mr. SHERMAN. So if something is working, why would you do less?

Mr. KAHL. The point is I think we have sufficient leverage, actually, to get the ball rolling toward a comprehensive deal. I think that is the leverage that the administration is trying to capitalize on. The sanctions relief they are talking about in the context of the Geneva Accord would be, I think, around \$6 billion total of relief, and it would be temporary. It would not undermine the oil or financial sanctions that give us the leverage.

Mr. SHERMAN. Dr. Kahl, I mean, I want to go to the next witness, but I want to comment. You didn't give me a reason why we would do less except to say that our current sanctions, which were not sufficient to get a deal good enough for the French, are somehow sufficient, but you didn't say why not to increase them. So I will go to Mr. Dubowitz.

Mr. KAHL. I was about to say that, but if—

Mr. SHERMAN. I know, but they won't give me 10 minutes.

Go ahead.

Mr. DUBOWITZ. The fact of the matter there is too much focus, again, on how much we are offering at Geneva in terms of hard dollars. Is it \$6 billion? Is it \$20 billion? We can have to that debate. I am sure will you see the briefings.

The more thing is the psychology of sanctions, Congressman Sherman. You have understood this over the years, and you have offered sanctions bills in this respect.

Mr. SHERMAN. Yeah.

Mr. DUBOWITZ. You have got to change the fundamental psychology of the marketplace. It is motivated by greed and fear. When fear overrides greed, they stay out of Iran. When greed overrides fear, they go back into Iran. If you don't escalate sanctions through the passage of that Senate bill, then greed will override fear, and you will be facing the dismantlement of the sanctions regime, which may be maintained on paper, but it won't be maintained in practice.

Mr. SHERMAN. I am going to ask all three witnesses to respond for the record. What specific elements should we have in the next sanctions bill that I hope comes before this committee, keeping in mind that we can't just wave a magic wand and get our allies to participate? We can't just say, all money in Chinese banks has to be moved to German banks, otherwise, what, we won't accept any Chinese imports? I don't think we are to that point.

So I would ask you to craft not the perfect wish list, but the list of things that Congress could pass and among the—and I hope you—I don't know if any of you have, you know, one silver bullet you want to share with us now, but I want all the bronze, silver, and gold bullets in your written response.

Mr. DUBOWITZ. Well, there are no silver bullets. There is only silver shrapnel. And my testimony has eight specific ideas.

I would say the one piece of silver shrapnel that I think would really wound this regime economically is if you said that any financial institution that gives Iran access to or use of its overseas foreign exchange reserves would be cut off from the U.S. financial system, it would effectively freeze Iran's access to its money. And only then once you have frozen all of its money should we even be discussing sanctions relief.

Mr. SHERMAN. Ms. Pletka, do you have any silver bullets for us?

Ms. PLETKA. There are no silver bullets. It is all about the perception of enforcement and momentum. Mark is exactly right. I have looked at sanctions on any number of countries and worked on them. It is the psychology of the global marketplace, and right now the perception is that we are close to changing our mind and reversing momentum on Iran, and the Chinese are already back negotiating with the Iranians because they keep a close eye on this, and they are interested in the market. So I think the most important thing is to keep the administration and the Iranians' feet to the fire.

Mr. SHERMAN. Okay. There are those who draw the red line where Iran gets one bomb. You are not really a nuclear power until you have several. You have got to test one and have some. Without revealing, basing your answer on classified information, they have got enough 3 percent uranium, so if enriched to 90 percent would provide for how many bombs? And under this agreement, do they keep creating more and more 3 percent?

Mr. Kahl—Dr. Kahl?

Mr. KAHL. So they currently have enough 3.5 percent low-enriched uranium to produce about half a dozen nuclear weapons, were they to decide to do so, a decision that our Intelligence Community says they haven't made.

Under this agreement, my understanding—none of us know all of the terms, but my understanding is they would actually be required to do certain things to their 3.5 percent stockpile that they would produce in this next 6 months to make it unavailable for nuclear weapons, and so—

Mr. SHERMAN. So they get to keep all they have now, and then the additional they create would be disabled in some way.

Mr. Dubowitz?

Mr. DUBOWITZ. Well, I don't have the details that Colin has, but if they maintain the 9,000 spinning centrifuges over 6 months, I believe the calculation that I have seen from David Albright is that they would produce almost a bomb's worth, another bomb's worth, of 3.5 percent. So unless there are some details in the Geneva agreement that prevent that that I am not aware of, that would allow them almost another bomb's worth, so over 6 months of negotiations.

Mr. SHERMAN. So they get one bomb plus \$6 billion to \$50 billion. I think my time is expired.

Ms. PLETKA. That is just the 3.5 percent. That is not speaking of the 20 percent they have been enriching for the last year. They have ample fissile material to make a nice arsenal of nuclear weapons in a quick time, and don't let anybody reassure you on the question of conversion to oxide. It takes about a week or two to convert back.

Mr. SHERMAN. Okay.

Chairman ROYCE. We are going to go to Mr. Chris Smith of New Jersey.

Mr. SMITH. Thank you, Mr. Chairman. Thank you for calling this important hearing. Thank you, our witnesses, for your fine testimony.

You know, in yet another sign of Iranian bad faith and wanton cruelty, American Christian pastor Saeed Abedini's situation has

deteriorated significantly. The Christian Post today has an article. It begins,

“Pastor Saeed Abedini has been placed in a single cell with five death-row inmates in Rajai Shahr Prison, and is prevented from having any visitors, the American Center for Law and Justice said, raising further concerns that officials placed him there to ‘disappear.’”

It is a murderers' jail, that jail, according to Jordan Sekulow from ACLJ, and, again, the risk that he faces now is extraordinary. As I think many of you know, Congressman Wolf chaired a hearing, and I plan on doing one very shortly, but he chaired one, and we heard from Naghmeh Abedini, who made an impassioned plea for her husband.

And it seems to me if there is a canary in a coal mine, it is the human rights issue. When a regime so horrifically mistreats people, in this case an American citizen—and there are other Americans, too, that are being held, as well as many other indigenous Iranians who have been tortured because they espoused democracy or a particular religious belief, many of them being Christian—that also suggests how believable or not believable they are on the nuclear issue. You might want to have our witnesses speak to Abedini.

Secondly, there was a report in The Daily Beast. The United States has done everything but stop blacklisting individuals and companies that help Iran evade international sanctions since Rouhani's election on June 4th. And then Treasury says, we have not let up on vigorous sanctions enforcement one iota. Who is telling the truth? You can't have it both ways. Either we are truly enforcing vigorously, or we have begun to back off very significantly.

And finally, there is a report suggesting that China is purchasing its oil through a barter system to evade the sanctions regime, and including 40 joint infrastructure development purchases, capital equipment, technology, and materials to evade cash. Your thoughts on that.

And finally, much of the focus has been on Iran's declining crude exports, oil exports; less focus has been paid on the exports of fuel oils. Should that be part of a sanctions regime?

Ms. PLETKA. If I may address the first question about the human rights situation, this is one of the things I alluded to in my testimony, and I don't want to take up too much of the time. I know my colleagues have something to say on these other questions as well. But it is remarkable how much we have left on the table vis-à-vis Iran. I mean, think to yourself, okay? These negotiations in Geneva went better, the Iranians gave up more, we were all satisfied in an interim deal.

Do we realize that we would be opening the door and relieving sanctions at the same time that the Iranians are abusing the rights of their own people? The population of Evin Prison, in addition to the one you mentioned. The Baha'is. But set aside even the Iranian people. Let us say we don't care about them. What about Syria? What about Hezbollah? What about Hamas? What about Iranian interference in the Gulf?

The day when we see Saudi Arabia and Israel banded together in opposition to our policy tells us that we have got something seriously wrong, and we have left all of that leverage on the table. That is a very serious area of pressure that we should be doing more on.

Mr. DUBOWITZ. There are very few people more committed to sanctions enforcement than the U.S. Treasury Department and the Office of Terrorism Financial Intelligence, but there is no doubt that before Rouhani's election, the pace of designations was rapidly increasing. After his election it has been decreasing. And the reason for that is they get their marching orders from the White House, and it has been very clear that this administration, in order to grease the wheels for negotiation, has tried to offer essentially unilateral sanctions relief by slowing down designations, by blocking new sanctions in Congress, and by trying to lay the table for goodwill and confidence-building measures. So you are seeing that.

In terms of oil, what we are seeing now, in fact, 150,000 to 200,000 barrels a day of black market oil is moving from Iran to other purchasers. This is a great example of an emerging loophole in our sanctions laws that the new Senate bill and the House bill you passed was designed to actually fill, and because we are not filling the loopholes, the Iranians are driving an oil tanker through it.

Mr. KAHL. If I could just say one quick thing on the human rights issue, which I take very seriously. There is no question that this is a reprehensible regime in many respects, but it is also the case that throughout the Cold War we repeatedly negotiated arms control agreements with the Soviet Union, which was at least as reprehensible as this regime.

We don't have to make a choice. We should continue to pressure them on human rights, on Syria, on terrorism, on other issues, but we shouldn't hold any of those hostage to the nuclear issue, which is a very urgent issue and very much in our interest and our allies' interest. So we can do both.

Mr. SMITH. But very briefly, American Pastor Abedini, his situation has gone from horrific to even worse, and that is unconscionable.

Mr. DUBOWITZ. Well, the rate of executions has accelerated under Rouhani, so I am afraid it is going to get worse, not better.

Chairman ROYCE. We are going to go to Mr. Ted Deutch of Florida.

Mr. DEUTCH. Thank you, Mr. Chairman.

I would like to continue to explore the details of the reported agreement. I know that Secretary Kerry is over in the Senate today briefing colleagues there, and reports are that Under Secretary Sherman and Cohen will brief the Senate Banking Committee again tomorrow. I hope that this committee will also be briefed on the specifics of the proposal, in the appropriate location and at the appropriate time, sooner rather than later.

I would like to just touch on the broader question of what the Iranians' intentions are with their nuclear program, and I would like to move a bit beyond the back-and-forth over they want the right to enrich, there is no right to enrich, and take them at their word for a moment. And if the Iranians are truly committed to a

peaceful nuclear program, how much—Dr. Kahl, let me ask you this question—how much low-enriched uranium would they need to operate the one reactor that exists in Iran?

Mr. KAHL. The answer is, under the current relationship they have with Russia, they don't need any low-enriched uranium because they get fuel from Russia. That is right.

Mr. DEUTCH. Okay.

Mr. KAHL. The issue is, and the challenge for our negotiators is, that this is a regime that has spent between \$100 billion and \$200 billion on its nuclear infrastructure, and, more importantly, its entire ideology is routed around a resistance to arrogant external powers and the notion that their nuclear rights are inviolable.

Now, I don't agree with that, and I suspect you don't either from your comments.

Mr. DEUTCH. Right. Right.

Mr. KAHL. But we have to negotiate with the enemies we have, not the enemies we want.

Mr. DEUTCH. I understand, but we also have to acknowledge what the facts are surrounding the arguments made by the people sitting across the table. And I would simply suggest that there is—if we take them at their word that, in fact, there is no desire for nuclear weapon, they don't need any more—they don't need any enriched uranium, but understanding why they want to be able to enrich, why not come clean about the rest of the program? Why not respond to IAEA investigations of the possible military dimensions of the program or the designs of triggers, or let inspectors into Parchin? Why not ship out the advanced centrifuges since those aren't necessary for them to be able to enrich and have nuclear power? Why allow the construction of Arak to continue for another 6 months, which puts us in a very dangerous position that will let Arak get closer and closer to going online even as we continue to negotiate?

There was a report this morning that said Arak will be capable of producing enough weapons-grade plutonium for one nuclear weapon per year. Why, as part of all of this, instead of simply accepting the response that we sometimes get that we are not interested in nuclear weapons, and there is a fatwa against nuclear weapons, why not as part of these negotiations, as part of any deal, preliminary or final, why not have them respond to all of the allegations, the possible military dimensions that we all know about that the international community is well aware of?

Mr. KAHL. So I think proliferation scholars would say that what they are engaged in is a nuclear hedging strategy. That is, they are definitely trying to put all of the pieces in place to develop nuclear weapons at some point in the future if the leader decides to do so.

Mr. DEUTCH. Dr. Kahl, I am not asking—I don't want to speculate. That is my point. I don't want to speculate—no, let me just finish. I don't want nuclear scholars to speculate about what they may or may not be doing. If we are putting in place—if the goal is to put in place a deal, a diplomatic solution, which I support if we can get to one that works—I think all of us do—if that is where we are trying to go, why not as part of that expect them to and require them to respond to all of the things that they have done

that have caused us to pass sanctions legislation, bill after bill, over the years?

Mr. KAHL. I think we should. I think that—I think that we shouldn't trust them. We shouldn't trust the fatwa or take them at their word. The entire purposes of negotiations is to put in place meaningful and verifiable constraints on their nuclear program to assure all of us that they will never go for a nuclear weapon. That is the goal of diplomacy. The question, though, is should we go all in on an optimal deal that is likely not achievable and could result in a collision—

Mr. DEUTCH. You know, I understand.

Mr. KAHL [continuing]. Or should we go for a deal that is possible and also meets our national interests?

Mr. DEUTCH. I understand, but I am trying to get beyond—we have gone back and forth on that. I understand that that is the part—that is the way any negotiation works. My question is what seems to be missing, but I don't know—I don't know, because it has not been confirmed, but what seems to be missing is that requirement that, look, if you want to deal, then at least come clean on all of these other aspects. Sit and tell us, respond to every question, let us have full access to Parchin. Tell us what you have been doing that has prompted the IAEA to continue to point out the possible military aspects of your program. Why is that too much to ask?

Mr. KAHL. It is not too much. I think in the final deal, the comprehensive deal that the administration wants to negotiate over the next 6 to 12 months, they would have to come clean on the past military dimensions of the program. And I should say they are in ongoing negotiations with the IAEA on those facilities.

Mr. DEUTCH. Why shouldn't they have to do that now at the outset as part of any preliminary deal?

Mr. KAHL. Well, I think because the things that the initial deal has to address are the most urgent risks of a nuclear breakout; their 20 percent material, their advanced centrifuges; the loading of fuel assemblies into the Arak reactor; freezing centrifuge installations; putting in place more intrusive inspections in Fordow and Natanz, because I think the urgent aspects of the program have to be addressed first, and that is what the administration appears to be doing.

Chairman ROYCE. Okay. We go to Mr. Dana Rohrabacher of California.

Mr. ROHRABACHER. I am sorry, Doctor, but I just disagree with your somewhat positive analysis about where we are and where we are going. We are going in exactly the wrong direction with Iran right now. We are going exactly the wrong direction in a lot of areas. This administration is rapidly becoming the epitome of failure from the top, because what we have got, these failures that we are discussing today and the other failures that we are—are plaguing the people of the United States from its own government, can be traced right back to the methodology that this President is using to exercise authority and power granted to him during the elections.

We have—let me just finish. For example, my colleague Mr. Smith was noting that the Treasury Department reveals—a review of the Treasury Department reveals notices that the United States

Government has all but stopped the financial blacklisting of entities and people that help Iran evade international sanctions since the election of its President.

Okay. So what we have here is that someone is offering waivers to what was the policy, and the blacklisting of people who were evading international sanctions, this is something our Government is supposed to be doing, but it is not doing it because of an intentional policy that was created where? And that the—later on in that article that my colleague Mr. Smith was reading, it states, “Like the waivers on Obamacare, the administration believes it is a law unto itself.”

So what we have here is the President of the United States not following what would be the normal procedures of our Government and coming up with failure both domestically and internationally.

I don't see any reason for hope at all in terms of things getting better about Iran. This last series of overly optimistic negotiations have left us with nothing, nothing, but it appears to the world that we are weak.

You know, going back to the Koreans—and this has happened before, it is not just this President, but other Presidents have made these kind of mistakes in approach. But we gave food and oil to Korea, to North Korea, with the idea that was going to make it more likely that they were going to pull in and reign in their nuclear program. And what we ended up doing was subsidizing dictatorship, subsidizing a vicious dictatorship, and actually perhaps elongating its life.

We are now talking about Iran, about the mullah regime in Iran. It would be the equivalent of a Hitlerite regime in the midst of the world, and it is about ready to obtain the ability of dropping nuclear bombs on countries and on people that it has targeted. This is a catastrophe if we let this happen, and it has been coming on and coming on, and this administration is making it worse.

I do not see, as you stated, Doctor, I am sorry, but you said we are buying time? We are not buying time. We are making a fool out of ourselves. We should—instead of being groveling to these people who murdered their own people, I might add—the mullahs murdered their own people; we can't expect them to treat the world in a different way—but while we are groveling, instead we should be spending our time supporting those elements in Iran that are opposed to the mullah regime. They would get—very quickly they would get the word if all of a sudden the Azaris, and the Baluchs, and the Kurds and the other people within Iran started receiving support from the outside on—that type of pressure, perhaps, they understand.

And I might add that this administration started off right in the very beginning refusing to condemn the slaughter of democracy seekers in the streets of Tehran, who are protesting the mullah regime's stealing of the last election.

Thank you, Mr. Chairman, I think I have made my point.

Chairman ROYCE. We go now to Mr. Brian Higgins.

Mr. HIGGINS. I thank you, Mr. Chairman.

You know, a lot has been discussed here about perception, but clearly the United States has an objective here, and that is the prevention of Iran having a nuclear weapon, not the containment of

it after the fact. We cannot allow Iran's nuclear program to reach a breakout capability; meaning that Iran cannot have a civil nuclear program that allows them, at a moment of their choosing, to turn it into a nuclear weapon.

You know, there is good news here, and there is bad news. Iran is a country of 90 million people. Half the population is under the age of 25, and they are tech savvy. Social media is not on the side of the regime. Social media is used by Iranian youth not only for organizational purposes, but also for aspirational purposes. They can see how the rest of the world is living, and they ask the question, why not us? Organizationally, social media can be used for organizational purposes.

What has the regime in Tehran been expert at? Suppression. Suppression. I suspect that sometime in 2014 you will see mass demonstrations on the streets of Tehran again because of the deplorable condition that the Iranian economy is in. They produce a lot of oil, but they don't have the capacity to refine that oil. So they export oil and then have to import gasoline because they lack that capacity.

On a positive note Hassan Rouhani won an election, and there were only six candidates. He ran as the reform candidate. He ran against the policies that produce economic sanctions, he ran against the policies that produce international isolation, and once he became President, he said the economy was even worse than he originally thought it was.

So the question is: Is Iran serious about change, and can Rouhani negotiate a deal that he can deliver on? The backdrop to that, ironically, is that Rouhani was Iran's nuclear negotiator for 10 years. Ten years ago Iran had 164 centrifuges, the big machines that enrich uranium. Today Iran has 18,000 centrifuges, enough to allow Iran to make a bomb, to avoid detection, and to act before we can act against it.

So while there are hopeful signs, there are also ominous signs as well. And while we are talking currently in the negotiations to destroy the Iranian atomic infrastructure, there is next-generation infrastructure that is held within the knowledge of Iranian universities and laboratories that even if we get a deal on the destruction, the next generation can be developed more quickly, the infrastructure itself, to facilitate the making of a bomb that much more quickly.

So I will tell you that as Americans' interest in that region, particularly with respect to Israel, you know, we have to not put our brakes on relative to sanctions, but accelerate, because only if there is internal pressure by the emerging youth that is better capable of challenging the regime and the deplorable state of the Iranian economy will the Iranians change at all.

So I would just ask you to respond to those thoughts.

Mr. KAHL. So I think you hit a very important point. Even completely dismantling their program, completely, doesn't prevent them from reconstituting it at some point in the future. They have the knowledge in their head. So the question is if we are to prevent breakout along the lines you suggest, we need to maximize the amount of time it would take for them to build a bomb, we need to shrink the amount of time it would take for the international

community to detect it so we could stop it if they moved in that direction, and we need to address the past military dimensions of their program along the way, along the roads that Congressman Deutch mentioned.

I think Rouhani is serious. I think he believes he has a public mandate, and I think he believes he has some room to maneuver from the Supreme Leader. But I also think he believes he doesn't have all that much time, which is why I think he is anxiously pushing for a deal, and I think we are actually quite close on this first-step deal leading to the final-step deal.

The challenge at the moment is that he has his own domestic political issues, and he has basically made the argument within the regime, give me a chance. Give me a chance. I am going to negotiate seriously. I will get a deal. And if we rush forward with sanctions now and appear hell-bent to increase sanctions regardless of Rouhani and Zarif's changed tone and their approach to negotiation, it risks empowering the hardline voices inside Iran who will undermine his ability to get us to a mutual objective of cutting some kind of deal.

I also—my last point on the youth. I agree with you that the youth of Iran are extraordinarily important. I am less confident than you are that our economic pressure would somehow mobilize hundreds of thousands of folks to take to the streets in Tehran. It is worth keeping in mind, every opinion poll and survey done in Iran for a decade has shown overwhelming support for Iran's nuclear program, including its enrichment activities. The likelihood that if we tried to force the regime to capitulate completely on its nuclear program that that would mobilize domestic political opinion I think is just not borne out by the reality of public opinion in Iran.

Mr. DUBOWITZ. If Rouhani wanted to sell a deal, he will sell a deal, because from his perspective and from the Supreme Leader's perspective, it will be a great deal.

Chairman ROYCE. Mr. Tom Marino of Pennsylvania.

Mr. MARINO. Thank you, Chairman.

Good afternoon—good morning, still morning. Thank you for being here.

We are still dealing with the Iranian regime, and in the past these people have proved themselves to be murderers, and butchers, thugs, and psychopaths, and clearly and repeatedly they publicly articulate fanatical proclamations that all people who do not follow, who do not follow their absurd beliefs must be wiped off the face of the Earth, including children. Now we are going to negotiate with these people? You are negotiating with terrorists that have funded and backed suicide bombers and murderous gangs, and now you want to reward them. Absurd at best.

Iran has a different President, Rouhani, of course; however, don't forget that he is a puppet and still controlled by the Supreme Leader. So are you going to continue to capitulate? What in God's name do you think has changed the minds of these butchers?

Dr. Kahl?

Mr. KAHL. Well, I would point out that we need to negotiate with our enemies, not just our friends, and we have negotiated with regimes—

Mr. MARINO. But we don't negotiate with terrorists. That has been a proclamation from the administrations since the 1970s, so now we are going to turn that around and negotiate with terrorists?

Have you considered at all, has this administration considered at all, Israel's plight in this, who is the stability there? And it is a slap in the face to Israel, and it allows the Iranians to know that now Israel and the United States may not be as close as they are, which isn't true, and it shows a weakness on our part. How do you account for that?

Mr. KAHL. Well, I obviously don't represent the administration. I am not in the administration anymore. When I was there, I can tell you I did as much as any senior Pentagon official in recent history to support Israel's security, and I believe that every Israeli official I worked with would say the same thing. And I think that is not about me, it is about the Obama administration—

Mr. MARINO. I disagree with you on this that it shows that every person in that administration, regardless of whether you are there now or in the past, is very concerned about Israel, just the move that we are making now. And I am not holding you personally responsible for this. I disagree with many of the things that you had to say about what effect this is going to have. But what has happened to persuade you to think that these butchers are going to change their mind about whatever they do?

Mr. KAHL. Actually I am not sure that they will. I think we need to test the possibility that they will, because, Congressman, what is the alternative? The alternative is we don't negotiate. We try to waive our diplomacy. And do you know what there will be? There will be a war.

Mr. MARINO. No, I do not agree with you. The alternative is going to be that there will be financial—there will be more financial devastation to that country. The people will—some of the people there, not many, are going to continue to uprise. And if they don't have the money, they cannot do anything.

Mr. KAHL. But they are not anywhere close to that point.

Mr. MARINO. Well, then we need to make sure that they are closer to that point. You know, we should do what we did, what was done years ago in the 1960s: Ignore what they are trying to pull over our eyes. If this administration does not understand—the President has changed his mind on this issue again, and as far as being a diplomat, as far as knowing what foreign policy is, he is way off base. And, sir, I just—I get so upset over the fact that he thinks, or this administration thinks, that if they put their arms around these terrorists, they are going to say—we are going to sing Kumbaya, and everything is going to be fine. I just vehemently disagree with you.

Mr. KAHL. With all due respect, I don't think that is their position. Look, we can't have it both ways. One cannot make the argument that Iran is on the brink of a nuclear weapon, and also make the argument which I am hearing which is we should just sanction them out of existence and wait until the regime falls.

The timelines don't link up. There is no evidence even if we did everything that Mark subscribed, or everything that you passed in July, or everything that the Senate is considering, that it will bring

the regime to its knees in a timeframe that prevents them from _____

Mr. MARINO. Sir, you are comparing apples with oranges here, and you are basing your premise on the fact that the Iranians have changed in ideology of some sort, have at the very least realized that while these sanctions are hurting us, and we have to do something before we are completely bankrupt. And so you and I can debate this all day long. I respect your opinion, but—

Mr. DUBOWITZ. And, Congressman, I would say it is a false choice. I mean, we are not passing sanctions to bring them to their knees and collapse their economy within 3 months. What we are trying to do is we are trying to pass sanctions in order to massively enhance American negotiating leverage so that we end up with a good deal, a good deal that we, you, the administration can sell to the American people. That is the goal.

Mr. MARINO. Well, we have to be the ones to call the shots here, not the Iranians.

I see my time has run out, and I yield back. Thank you.

Ms. ROS-LEHTINEN [presiding]. Thank you, Mr. Marino.

Mr. Connolly.

Mr. CONNOLLY. Thank you, Madam Chairman.

Gosh, when I hear statements like that that seem to suggest this President is not a reliable supporter or friend of Israel, I think that would come as news to the President of Israel, who awarded this President one of the highest awards that Israel has to give as a friend and supporter of Israel.

But I am also not sure where that last line of questioning was supposed to take us. I certainly can appreciate the frustration, my friend, but, Dr. Kahl, I mean, what are the choices here? If we choose not to negotiate with Iran, irrespective of what we think of the regime, what is the choice in front of us? What is the option if we choose not to negotiate with them because they are “murderers, and thugs”?

Mr. KAHL. The options are twofold. One, we could continue to escalate sanctions in the hopes of imposing regime change. I would say, you know, Mark has been a leading advocate in imposing economic sanctions not for the purposes of forcing them to capitulate on their nuclear program, but for regime change. He has written about that repeatedly. We could take that course. The problem is, it is not going to work in a timeframe that satisfies our interest of avoiding a nuclear weapon. Or we could strike their nuclear program militarily, or the Israelis could do it, in which case you would set their program back a few years. They would rebuild it on the back end of those strikes. It would cause instability in the interim. It would shatter the international coalition surrounding Iran, and they might emerge on the back end with a nuclear weapon anyway.

So all I am saying is diplomacy is hard. It is tough. It is going to take a while. And because it is going to take a while, we need to put some time on the clock, which is why we need an interim deal that leads to a comprehensive deal. There is—look, I don’t like this option either, but it is better than every other alternative.

Mr. CONNOLLY. Well, that is a good question. And I see you, Mr. Dubowitz. I will give us a chance in just 1 second.

I think I hear some of the critics focusing on the suggested first-phase interim negotiation as some kind of sell-out that should be avoided at all costs. It is all or nothing. I think I hear you saying that that is not how it works, and that won't work. And we are going to have to be willing to provide some kind of first phase if we are ever going to get to an ultimate negotiated settlement that is to our liking and Israel's; is that correct?

Mr. KAHL. It is absolutely correct. I would make just two quick points: One, that the initial deal that is being discussed in and of itself is a good deal in terms of addressing the most urgent parts of the program; and second, it is absolutely essential to get to the final deal.

Look, nobody in the administration that I have spoken with or others have spoken with believe that this interim deal is the final deal. It is not. It is the first step toward the final deal when Secretary Kerry, all of the rest see it that way, as does the President. We need to give it a shot.

Mr. CONNOLLY. Mr. Dubowitz.

Mr. DUBOWITZ. Well, the French, who are the guardians of non-proliferation, certainly didn't see that it way. So let us be very clear.

Mr. CONNOLLY. Didn't see it what way, Mr. Dubowitz?

Mr. DUBOWITZ. Well, they don't agree with that characterization, because at Geneva they insisted that that deal was not a good deal, and they refused to sign it.

Mr. CONNOLLY. Another way of saying that maybe is the French felt too much as was given away, or not enough was addressed on enrichment, for example, in phase one to satisfy them.

Mr. DUBOWITZ. Correct. Which is why it was a bad deal.

The second issue is sanctions are designed to put in the Supreme Leader's mind that they will bring economic collapse; not for regime change, not for provoking democracy demonstrations, but to put in his mind the fear that unless he concedes on his nuclear weapon program, he will lose his regime.

Third of all, Colin has been a leading supporter of using military strikes as a verification and enforcement mechanism in a post deal environment. In other words, we will put in the safeguards regime, they will sign additional protocols, and then when they cheat, we will use military strikes in order to actually get them to comply. Now, the fact of the matter is that is just not credible. And the Iranians engage in strategic incrementalism—

Mr. CONNOLLY. Mr. Dubowitz, so what it is you think we should do since that is not credible and you think it is a bad deal phase one?

Mr. DUBOWITZ. Well, we got to get the best deal possible that doesn't allow Iran to retain the essential elements of enrichment and reprocessing that allow it to build a nuclear weapon, because no gold standard safeguards regime in the world is going to prevent a dedicated ideological regime that wants to pursue a nuclear weapon from doing so at the time of its choosing unless you credibly think that the U.S. President is going to use military force as an enforcement mechanism for verification. Colin seems to think so. I don't.

Mr. CONNOLLY. I understand. I am down to 20 seconds.

So what is the leverage we have got to get a better deal? Military strikes, or keeping the sanctions absolutely as is in place and maybe—

Mr. DUBOWITZ. The leverage is what the President of the United States has repeatedly said it was. All options are on the table; a credible threat of military force and crippling sanctions, in the words of former Secretary Clinton and the administration. Crippling sanctions, a credible threat of military force. If you take both options off the table, you don't have course of diplomacy, You have discussions.

Ms. ROS-LEHTINEN. Thank you very much.

We will go to Mr. Brooks of Alabama.

Mr. BROOKS. Thank you, Madam Chairman.

This hearing's premise is that there is something wrong with Iran obtaining nuclear weapons. My series of questions hope to elicit information on this point. Now, first, if Iran continues to develop nuclear weapons at their current pace, in your best judgment, when is the soonest Iran will have a usable nuclear weapon, the soonest, Mr. Dubowitz?

Mr. DUBOWITZ. Well, I believe that the estimates are that Iran is already in the position where it could actually weaponize uranium very quickly, in a matter of about a month. And so then the real question then is if it has the essential enriched uranium, weaponized uranium, to build a bomb, how long will it take to design a warhead, and a trigger, and a delivery vehicle?

Mr. BROOKS. That is what I asked. When will they have a usable nuclear weapon?

Mr. DUBOWITZ. Right.

Mr. BROOKS. So how much time, in your best judgment, the soonest?

Mr. DUBOWITZ. Well, the open reporting that I have seen is 2014, 2015.

Mr. BROOKS. Ms. Pletka?

Ms. PLETKA. I think the problem that we are going to face, answering your question, is what you mean by usable nuclear weapon. If you mean a dirty bomb, they could do it today. If you mean a rudimentary nuclear device that they could deliver in the back of a truck or a bus, a month. If you mean a weapon, miniaturized on a delivery vehicle to—that works successfully, longer, probably a year, maybe even longer than that.

Mr. BROOKS. Dr. Kahl?

Mr. KAHL. So our senior defense and intelligence officials have testified it would take them about a year to create a crude nuclear device. It would take them a few years to create a device that could sit on a missile. The long pole in the tent, though, is the fissile material, which all of us agree on.

Mr. BROOKS. Thank you. I just needed your time estimates. And I apologize for cutting you off, but I have 5 minutes, as everybody else does.

In August 2011, I was part of a congressional delegation that met with Israeli Prime Minister Benjamin Netanyahu in Jerusalem, wherein he unambiguously warned us that Israel will not allow Iran to have nuclear weapons, period, exclamation point. My

question: What has Iran done or said that justifies Israel's concerns?

Mr. Dubowitz.

Mr. DUBOWITZ. Well, let us see. They have threatened to wipe Israel off the map. The Supreme Leader has called Israel a cancerous tumor. They have had a 20-year, at least, nuclear weapons program that everybody acknowledges has taken place. They have engaged in nuclear deception, and I think, as Congressman Deutch pointed out, they have got essential nuclear elements that cannot be explained away for civilian purposes, and if it can be, then why aren't they explaining it away by coming clean on their past nuclear deception?

Mr. BROOKS. Thank you.

Ms. Pletka, do you have anything you can add to that?

Ms. PLETKA. In addition to what Mark laid out, I think that what the Israelis look at is the willingness of the Iranian regime to arm proxy groups like Hezbollah, like Hamas with increasingly sophisticated devices. And the better the Iranians get, the better the products that they are willing to supply to those groups. So we now see that Hezbollah has guided missiles, that Hamas has missiles that can reach Tel Aviv. What is to stop Iran eventually from sharing more information?

Mr. BROOKS. Dr. Kahl, is there anything that you can add to that?

Mr. KAHL. I would just say that I think President Obama shares Netanyahu's view that is unacceptable for them to get nuclear weapons, that it is a vital threat to us and a threat to Israel, and that the deal—that, you know, the getting the ball rolling on a diplomatic deal is aimed to precisely address those threats.

Mr. BROOKS. Has Iran done or said anything that should cause America to be concerned that Iranian nuclear weapons may be used to directly or indirectly, via terrorist surrogates, by way of example, attack American cities?

Mr. Dubowitz?

Mr. DUBOWITZ. Well, there is certainly open-source reporting that the Iranians are building an intercontinental ballistic missile program. They don't need ICBMs to hit Tel Aviv or Jerusalem. They need ICBMs to hit the United States.

Mr. BROOKS. What about the distribution of nuclear weapons to terrorist groups who may try to smuggle them into America via our rather porous borders?

Mr. DUBOWITZ. It is an absolute nightmare scenario. I mean, they have close relationships with the most deadly terrorist organizations in the world that have killed Americans.

Mr. BROOKS. Ms. Pletka, do you have anything to add that might cause America to pause and be concerned about Iran's obtaining nuclear weapons?

Ms. PLETKA. Iran has invested an enormous amount of diplomatic, political, economic, and military effort into building its relationships in Latin America over the last few years. This committee has been very seized of that matter, and Ms. Ros-Lehtinen has had a number of hearings on the question in the last few years. Venezuela, Nicaragua, in addition Hezbollah has very substantial networks in Canada; we believe also in the United States.

Mr. BROOKS. Dr. Kahl, 10 seconds is all I have left.

Mr. KAHL. Iran is a leading state sponsor of terrorism. It is worth noting, however, that they currently have chemical and bio-logic weapons capabilities and have never passed those weapons to terrorists.

Mr. BROOKS. Thank you.

Ms. ROS-LEHTINEN. Thank you, Mr. Brooks.

Mr. Schneider of Illinois.

Mr. SCHNEIDER. Thank you, and again, thank you to the witnesses for being here.

I think it is important to reflect a bit why we are here, and talking about the need to increase sanctions pressure to have negotiations to get to where we are going. I think on sanctions, and I will repeat what has become a mantra, that we need to increase the intensity of the bite. We have to accelerate the pace of acceleration, but to do so, as you said, Mr. Dubowitz, to leverage the ability we have in negotiations with the credible threat of force to ultimately achieve a permanent prevention of Iran acquiring nuclear weapons. That is what this is about.

And as I think about it, let me posit some ideas of what has to be included in an agreement, a final agreement. And as I see it, the first and foremost thing, we need Iran to come clean on their nuclear programs, halt and stop the weapons programs—and that would include Natanz, Fordow, Arak, and Parchin—to understand what they have, and any others that we aren't aware of. We have to not just have that halt, we have to have a reverse of their programs, a dismantling of Arak, a—whether it is mothballing or removal, as you touched on, of the centrifuges. But ultimately we also have to have a permanent block or closure of the pathways Iran has, any pathways, both uranium and plutonium, to acquiring nuclear weapons.

You, in your testimony, your submitted testimony, you talked about David Albright's irreducible minimums of what is required on those things, on the uranium pathway, on the plutonium pathway, the ability to acquire weapons. I will open this to all of you. As you look at what has been reported from Geneva, do we achieve that first step, the halting, the freezing of anything, do we achieve any of the movement that David Albright is calling for in his minimum requirements?

Mr. DUBOWITZ. So my sense from the reporting is we achieve some of it. We don't achieve all of it. And remember, Dr. Albright's—it is called the irreducible minimum deal, but not for nothing. It is because all of those elements have to be there in order for it to be even a de minimis deal. So I think it is critical to understand that.

I would also add to this, I mean, the Iranian regime have negotiators who are not only masters of nuclear deception, but they really know their file. I mean, they have forgotten tricks that our negotiators haven't even learned. And the key is they look for loopholes. You see that on the sanctions side. You see it on the nuclear physics side. They look for loopholes. They look for ways to reinterpret the nonproliferation treaty. They look for ways to give on 20 percent, and rope-a-dope us on 20 percent, while still maintaining the ability to manufacture centrifuges and not to declare the cen-

trifuge manufacturing facility so they can build up those nuclear chips for those negotiations. We are dealing with people who understand loopholes. They have a slew of loopholes on nuclear side, and we can't be fooled by loopholes on the nuclear side.

Mr. SCHNEIDER. Dr. Kahl.

Mr. KAHL. So I have had back-and-forth with David Albright on precisely this question, and this is Albright's analysis. If the deal stops 20 percent enrichment and neutralizes most of the stockpile, it doubles the estimated time that Albright has calculated for a breakout. That is not enough, but it is a step in the right direction; that is, it rolls back the program. If the deal—

Mr. SCHNEIDER. Six weeks?

Mr. KAHL. If the deal stops centrifuge, additional centrifuge installation and operation, that also prevents Iran in the next 6 months from shrinking the time in which it could use its stockpile to go for nuclear weapons, and if the deal stops them from making fuel assemblies for the Arak nuclear reactor, then they also can't bring that online. And if the deal increases inspections on facilities, it would be harder for them to cheat and not get detected. All of those things are actually quite good.

Mr. SCHNEIDER. Dr. Kahl, isn't it a case that Iran has already said they are delaying until 2014 bringing the Arak reactor online? They will still be doing construction of Arak?

Mr. KAHL. Yeah. So, no, that is a very good point. I think there is a lot of confusion in the media about this. The agreement on the table, to include the one that existed before the French ever raised objections, would have been to prevent Iran from producing fuel assemblies. It is not just that they just can't turn it on, they have to build the fuel assemblies at Isfahan to actually load them into the Arak reactor. If you prevent them from building any of those assemblies for the next 6 months, it is not like the day after the 6 months they can insert them all. They would then have to start the process of constructing the fuel assemblies all over again. So it is meaningful. The most meaningful aspect of construction for Arak that the Israelis are worried about and that we are worried about are the fuel assemblies and—

Mr. SCHNEIDER. Once those are in, we cannot destroy the reactor without—

Mr. KAHL. But this deal will push that way to the right.

Mr. SCHNEIDER. So we are like—what I have heard is we are talking about 6 months. We don't have 6 months. It has to be much shorter. As I think Mr. Dubowitz was saying, it is 6 weeks is the timeframe. How do we make sure that we bring—to your words, you said it is unclear sanctions can bring a deal in time to prevent a breakout. How do we make sure that we continue to accelerate the pace, increase the intensity, and bring Iran to a decision point before they get to their final point of having a nuclear weapon?

Mr. KAHL. Let me invoke David Albright one last time. They have been at the point for actually about a year where in a couple of months they could produce fissile material for a weapon. The reason why they haven't done that is that inspectors visit those facilities every week or two, which means they get caught. So I know 6 weeks doesn't sound like a long time, and I wish it was a lot longer, and we should push for a deal that makes it a lot, lot

longer. But the reality is that inspectors visit there every week or two, and the regime is not going to go for a bomb if it gets caught, because the reason is they don't want to get hit by the Israelis, by us, or by anybody else.

Mr. SCHNEIDER. But we need the sanctions to make sure they don't move forward. We have to increase the pressure and we continue to negotiate so that we get to a place, in your words, that we have sanctions that get us to a place where we prevent them from having a bomb.

I yield back.

Chairman ROYCE [presiding]. All right. And also, I understand that come 12 o'clock, there are some flights out, and I know, Dr. Kahl, you had mentioned that you will have to catch a flight at that time, and we appreciate very much your testimony. Any time you need to go, we understand because of your flight schedule.

But we are going to go now to Mr. Ron DeSantis.

Mr. DESANTIS. Thank you, Mr. Chairman, and thank the witnesses.

You know, this issue is frustrating because I remember when Rouhani was elected in Iran, I started reading about how he was a moderate. A lot of the Western press was very hopeful that this signaled a big change. But then as you look beneath the surface, I mean, a lot of this I think the moderation is basically a function of differences in tactics and tone, and I think that he is smart to do that. Ahmadinejad said outrageous things because he meant outrageous things, and people at some point started to believe that he actually meant those things.

So you look at this Iranian President. Does he reject outright in the same way that the Holocaust happened like Ahmadinejad? No, not really. He says, well, look, people may have died, but I am not an historian, is what he will say. And he will come to the West and offer soothing-sounding platitudes, but looking beyond the surface of the words that he provides, this is somebody who, in my judgment, is very much in tune with the Iranian mullahs who are running that regime.

I mean, even when he was running as a candidate, you know, he said, saying death to America is easy. We need to express death to America with action. Last decade he called Israel a terrorist nation. One of his defense ministers was one of the plotters of the 1983 Marine barracks bombing in Beirut. September of this year, he said, our Government will not give up one iota of its absolute rights on the nuclear issues. He bragged about how he tricked the Europeans, essentially duping them to buy more time so that Iran would be able to convert uranium yellowcake. And, of course, he was the head of Iran's National Security Council from 1989 to 2005. Of course, during that time, you had the bombing of the Jewish Cultural Center in Buenos Aires, and the 1996 bombing of the Khobar Towers.

And so I guess my concern is, you know, I don't believe—I could see how some people because of the sanctions would see a need from an Iranian perspective to have a deal, but I just don't think somebody who is representing the regime's perspective would actually believe that foregoing a nuclear weapon would be in their interest as they define it in opposition to the United States and

Israel. And so am I right to have this degree of skepticism about this particular President, and, of course, obviously, with the regime that ultimately controls him?

Ms. PLETKA. You know, in my testimony I said that we were fortunate in our adversaries, and I think that was true under Ahmadinejad. He made it pretty easy to make the case that Iran was a menace. Rouhani is much cleverer, and I think that even internally he is going to handle things very skillfully.

I think as Mark has said, and as many members of the committee have said, the issue here is whether we can change Iran's calculations. If Iran did not need to change its calculations, there should be no doubt in our minds that they wish to develop a nuclear weapons option; not necessarily a device, but certainly a breakout capability, and an option. So can we change their calculus sufficiently in order to get them to delay it, understanding that that weapon is so debilitating to their ability to maintain domestic control and to keep the country economically afloat, that they are willing to put it off? That at the end of the day is the calculation. That is why, to me, the arguments that we should lessen sanctions seems so inapt, because that is what this is about.

Mr. DUBOWITZ. And I would just add to that, I mean, it was not about Rouhani, it was not about Khatami, it is not even about Ahmadinejad. It is about the Supreme Leader of Iran, Ali Khamenei, okay, who is a man who has ruled that country with an iron fist, who has dedicated himself to building a nuclear weapon, who calls Israel a cancerous tumor, and who is basically funding an ICBM program to hit the United States of America, and who, by the way, tweeted out a few days ago, reportedly from his Twitter account, we believe it is his Twitter account, a picture of the Iranian negotiators, and it said, these are not compromisers. These are children of the revolution.

I mean, it is all very interesting. I mean, so what is he trying to tell us by that? Well, he is actually saying exactly what we fear: There are not compromisers. They will not compromise on Iran's nuclear ambitions. These are children of the revolution, which is ideologically committed.

Mr. DESANTIS. Which is exactly why my skepticism remains, because, from their perspective, getting involved in these negotiations, you know, these fig leafs back and forth, that, to me, is just buying them time. If you are not going to have tough sanctions, if you are not going to have potential consequences that could change the calculus, you know, I fear that they are going to proceed, and I think it will be much more difficult once they are successful in that regard. So I really appreciate your comments.

I yield back.

Chairman ROYCE. Okay, we are going to go to Mr. Sires of New Jersey.

Mr. SIRES. Thank you, Mr. Chairman.

Thank you for being here, and I know it is late. And I heard just about every argument, but I come from a different perspective. I come from the perspective of how we negotiate. Here we have a country that just a couple of years ago was willing to blow off somebody here in Washington, DC, fomenting all sorts of trouble throughout the world and terror, and all of a sudden somebody

blinked, and we are negotiating. And you have the President calling him on the phone. I mean, the next thing he is going to ask him to play golf or something.

I really don't get the way you negotiate with this regime. I mean, they are nothing but trouble, liars, oppressing their people. Like you said before, there are more assassinations in the country, you know, than ever before. So I don't understand how we, all of a sudden, are willing to just open the doors, negotiate, reduce the sanctions.

You know, I negotiated many contracts over many years, and the last person that the contract comes to is the leader. You send everybody else in, so you are at the end, you can really get some of the things that you want in a negotiation. But to jump in from the beginning, I just wonder what you think of that? I mean, like, come on, you are making a phone call already? It is ridiculous.

Mr. DUBOWITZ. Congressman, we are negotiating with people who we like. I actually disagree; we are negotiating with people who we really like. We are negotiating with ourselves. We are negotiating with ourselves in Washington, DC, and we are asking a fundamental question. And I don't want to—Colin is not here, so I don't want to put him on the spot.

Mr. SIRES. Well, I was hoping you could tell me—

Mr. DUBOWITZ. There is a temptation in this city in approaching these kinds of seemingly intractable problems to negotiate with ourselves and for us to deem what is reasonable, and then we take what is reasonable to the Iranians, and they have one word for it. Their word is "no."

Mr. SIRES. Absolutely.

Mr. DUBOWITZ. And what they do, which is very adept, is they take—and Congressman Deutch talked about this on the issue of enrichment—they say the right to enrichment is nonnegotiable, nonnegotiable. We will not negotiate over it. So we say, well, okay, we have our maximalist position on the right to enrichment, and they have their maximalist position, and then we will negotiate.

Well, the fact of the matter is our maximalist position, as we so termed it, should be the minimum condition. It should be the one that the five U.N. Security Council resolutions stipulate. But we don't do that. We negotiate with ourselves, we come up with reasonable deals, and the Supreme Leader says no. And that is how the Iran regime negotiates, which is why they are taking us and are going to take us to the cleaners.

Mr. SIRES. They are taking us to the cleaners.

Ms. PLETKA. It is important to understand, as you underscored, that a negotiation remains a negotiation no matter what. The problem for us is the Iranians have dealt themselves a very nice set of cards and are constantly willing to hand off things to us that are facts, as you say, on the ground that they have created over the last couple of years. They weren't enriching to 20 percent before. Now all of a sudden they are willing to give it up at a time when we were demanding that they end all enrichment.

We have not dealt ourselves a fine set of cards in the sense that every bad actor position that Iran has taken throughout the region, whether it is trying to assassinate the Saudi Ambassador here in Washington, DC, arming Hezbollah, what it is engaging in in

Syria, we have not—we haven't brought those things up. We haven't said, you know what, okay, we will talk to you about these things if you talk to us about that. We have not negotiated this skillfully. And I don't believe that Secretary Kerry, I don't believe Wendy Sherman, I don't believe any of these people are fools, and I don't believe that they want to do a bad deal. The problem is they want do a deal more than the Iranians do.

Mr. Sires. To me, it just seems that if they sense in us that we are incompetent negotiating, or somehow that we are weak negotiating, they are just going to become tougher to negotiate with. They will just keep adding and adding and make no concessions.

To me, we should pass this bill that we have in the Senate, continue the pressure on this government so if somehow we can have a negotiations, not that it will lead to what we eventually want, but I think we have to keep the pressure on the—

Mr. DUBOWITZ. Keep all options on the table. As the President of the United States has said repeatedly, keep all options on the table; don't unilaterally take them off the table.

Mr. Sires. But this business of buddy buddies, oh, come on, that is ridiculous. I am sorry.

What were you going to say, Ms. Pletka? Were you going to add something.

Ms. PLETKA. No, thank you.

Mr. Sires. Okay.

Chairman ROYCE. We go now to Mr. Ted Yoho of Florida.

Mr. YOHO. Thank you, Mr. Chairman. Appreciate you guys being here. You are doing a great job.

Ms. PLETKA. Will you forgive? I need to step out. My daughter just hit her head and—

Mr. YOHO. Absolutely, I understand completely.

Mr. DUBOWITZ. This is about which witness is the last one standing.

Mr. YOHO. That is right. I don't know if you win or lose, though.

Mr. DUBOWITZ. This is good. I am worried.

Mr. YOHO. It just amazes me to hear what is going on right now in the present situation with these negotiations when we have always had a policy of nonnegotiation. And the thing I like about this, Mr. Chairman, and I appreciate you putting this together, is it is bipartisan. Pretty much everybody is the same on this.

Iran, what I have heard is they have got enough 3.5 percent uranium for six to seven bombs. This is despite the international sanctions and also with what is going on over the last 30 years. I mean, they have had a tough situation that we put a lot of pressure on there, not just us, but the world, and despite that, they are still doing this. And they have lied or misled, and they have just talked about the same thing over and over again, no, we are not doing this, but yet they have.

And I remember the words of Ronald Reagan that said trust by verify, but I feel Iran, and especially Mr. Rouhani, has lied, denied, deceived, but keep building, and that is what I have seen. And they are going to get a bomb, and then we are going to have to contend with that.

And my concern is that they already have the material to do a dirty bomb. And with their association with the terrorists and

things they have done just to hurt Americans and, you know, the destabilization of the Middle East, you know, I just see this getting worse and worse despite what we have done. And at a time where we have had these sanctions and they have done this would be not a time to back off.

And I don't understand the administration's perspective of why they want to go in there and loosen these sanctions up. I agree with everybody else here. I think this is the time to put more sanctions in there, tougher sanctions.

And I like the idea about dealing with the international markets, with the banking. I think that was you who brought up that. We can't dictate to anybody else, but we certainly can say, well, if you are dealing with those, we can freeze assets.

I think we also need to look in the South Americas with Venezuela and Central America that are helping them stay afloat financially. I would just like to hear your thoughts on that.

And I would also like to hear your thoughts on—and you have already addressed this a little bit—is what state of the development of their ICBM program are they, and how soon do you think that will be available? And what kind of numbers are you looking at?

Mr. DUBOWITZ. So just on the ICBM, I am not obviously—I don't have access to classified intelligence on this, but I see an open-source reporting that the Intelligence Community believes that they may have ICBM capability by 2015.

In response to your other points, Congressman, I would just say this: Let us not be under illusions, we don't have crippling sanctions. We don't have them. We have sanctions that are painful, where Iranians are painfully muddling through, but they have more than sufficient foreign exchange resources to take themselves to critical nuclear capability, which is something that Colin was raising as a concern and rightly so. But we haven't imposed crippling sanctions. So we talked about it, the rhetoric has suggested that, we have had bills, we have had designations, we have had a lot of activity, but we haven't moved to crippling economic sanctions. And there is a way to do it, and we should do it, but we have got to do it now.

Mr. YOHO. I agree. I think that is what we need to do right is put now more pressure on them, because I think their willingness to come to the table or wanting to is maybe they are feeling a little bit of pain over there, and I think this is the time to tighten up the pressure on it.

Mr. DUBOWITZ. And there is no credible military threat. I mean, let us not delude ourselves. The Supreme Leader doesn't think that the administration is going to bomb these nuclear facilities, and this administration has done everything it can to box in the Israelis and undercut their credible military threat. So both have been taken off the table. You take it off the table, you no longer have coercion. When you don't have coercion, then you are going to enter a diplomatic game where even the French say, "Arrete."

Mr. YOHO. Mr. Chairman, I am going to yield back. Thank you. Chairman ROYCE. Thank you, Mr. Yoho.

We are going to go now to Lois Frankel of Florida.

Ms. FRANKEL. Thank you, Mr. Chair.

Well, I guess I am ready now to ask questions. Listening to all of this is really excruciating, because we all know that as we talk, Iran is not up to any good. So let me just start out with what I think everybody here agrees is that an Iran with nuclear capabilities is bad. It is bad because it is a state sponsor of terror, it is a habitual human rights violator, it is directing Hezbollah's war in Syria. And something else which I think we haven't mentioned is that it would lead to uncontrolled nuclear proliferation in a very unstable region of the world. So we all agree with that: Iran cannot be allowed to have nuclear weapons.

So my first question—I have a series of questions. Let me ask them to you, and you can answer in any order. One, do you think a diplomatic solution is ever possible? And number two, I am assuming you do agree that this temporary agreement that is being suggested is not sufficient as a permanent deal, and so my next question, which I would have liked to give to Mr. Kahl, was can you ever go back to a tougher stance once you seem have a lesser stance? Is there any concern about a regime change for the worse if we do not go forward with this temporary arrangement? And what do you suggest would be the next steps? And then when is enough enough?

Mr. DUBOWITZ. So I think those are great questions, Congresswoman. I believe very strongly that there can be a diplomatic resolution of this nuclear crisis, and I think it can be done through tough negotiating, through coercive diplomacy, through crippling sanctions and a credible threat of military force. That is the stated policy of the Obama administration.

I think the danger that we have gotten into is we have decided to negotiate with this regime, and in doing so, and even before the negotiations, we set the table, but we set the table in a way that was advantageous to our opponent. We engaged in unilateral sanctions relief. Unilateral sanctions relief. We took our leverage, our economic leverage, and we diminished it. We blocked these sanctions in the Senate, we diminished the pace of designations, and we sent a message to the world that, you know what, just wait, because pretty soon the architecture will remain, but the psychology will shift, and you can go back to business. Because if you go back to business, we are not going to sanction companies from Beijing to Berlin. We are not going to sanction companies from Moscow to Paris. And that is a fundamental problem, so we have diminished our negotiating leverage as we have gone in.

At the same time on the deal side, what the Iranians are doing as to nuclear physics, they are enhancing their negotiating leverage. That is exactly what they did in Geneva. They are giving concessions that are increasingly less relevant to their nuclear weapons capability, like the 20 percent. The 20 percent is becoming increasingly less relevant because they have installed over 19,000 centrifuges, which is getting them a more and more rapid breakout capability.

There are major loopholes in that Geneva proposal as reported. It is the reason the French said no. Those loopholes are being created at the negotiating table, and over the next 6 months the Iranians will expand the loopholes, find other loopholes, and they will do everything they can to get to Geneva in 6 months' time with in-

creased nuclear negotiating leverage while having diminished our economic negotiating leverage, which is why I suggested to you earlier I don't understand how we are going to get from a bad interim deal to a better final deal when this is the high-water mark of American negotiating leverage.

Ms. FRANKEL. Just to continue with some of those questions, I have heard the argument that if we don't do a temporary deal, that this could lead to a worse regime taking over in Iran. Have you heard that argument, and what would you say to that?

Mr. DUBOWITZ. I have heard the argument, and I would say to you I couldn't imagine a worse regime in Tehran. I mean, I don't foresee who actually would replace Khamenei, the Revolutionary Guards, which has been a dictatorial regime, it has brutalized its own people, is a state sponsor of terrorism, and is devoted to building a nuclear weapons program, with anything worse. I mean, I don't see who is waiting in the wings. Now, who is waiting in the wings are not Jeffersonian Democrats. This is not going to be Canada.

And speaking of Canada, I mean, this is interesting. So there are 34 countries in the world that have actually nuclear programs. You know, nineteen of those countries actually don't buy nuclear fuel from abroad. Well, I should say they do buy nuclear fuel from abroad; they don't enrich, and they don't reprocess them. One of them is Canada, right? And there are 14 European countries and South Korea and South Africa and others. And then there are a whole bunch of countries that do enrich and reprocess of which nine have nuclear weapons, and the five that don't have nuclear weapons but enrich and reprocess are actually Holland, and Germany, and Japan, Brazil and Argentina.

So here is the fundamental question for you on this issue of the regime: Are we negotiating with King Willem of Holland or Ali Khamenei of Iran? And do we think that when Ali Khamenei is gone, that there will be the new king of Iran who will be better?

I think there will be, I think he will be better. I think when Ali Khamenei and this regime is gone, we will have a better regime in Tehran with whom we can negotiate a serious arms control and nonproliferation treaty, but not with this regime.

Chairman ROYCE. We are going to Mr. Scott Perry of Pennsylvania.

Mr. PERRY. Thank you, Mr. Chairman, and thank you, Mr. Dubowitz. You get the stamina prize.

This is all—for me anyhow, this is all so predictable. You know, the great unwashed of us out there have been watching this for the better part of 20 years, and predictably, as Iran does this slow march toward their inevitable goal, and we keep talking and fiddling, so to speak.

I wonder—and I am disappointed Dr. Kahl has left—if he would agree with your assessment of strategic incrementalism, because that is what most of us have seen, and unlike the enlightened class, again, to us it seems somewhat inevitable.

I do want to make mention of your characterization of the negotiations with Iran like—and I would characterize them as very similar to what happened in DC about a month ago, where we ne-

gotiated with ourselves on this side of the aisle, and the other side said no. I find that fascinating in this circumstance.

Dr. Kahl talked about the pride that Iranian citizens have with their nuclear program. And I would like you, if you could very quickly, to quantify that, because what I don't know is with their nuclear program as a weaponized program for aggressive proactive strike, so to speak, as necessary, or a peaceful civilian nuclear program which produces power, which one do they have affinity for?

Mr. DUBOWITZ. Well, that is actually a great question. I don't know what polls Dr. Kahl is referring to. The polls that I have seen actually don't draw the distinction. And so the question is are you asking Iranians do they support a civilian nuclear program, or do they support a nuclear weapons program? And furthermore, are you asking Iranians if you get to choose between a nuclear weapons program and the collapse of your economy, which one do you choose? I haven't seen the results.

Mr. PERRY. So we are led to believe there is this false choice for Iranian citizens, who many are friendly with the United States, that they have to have this all-or-nothing proposition. And I don't necessarily agree or believe it is the case, and I appreciate your clarification.

I do think that in this instance, because there is so much at stake, that negotiation is reasonable on this instance because there has been a change in the top, and the rhetoric has changed, and just explore what the options are. But I am, as many Americans are, concerned about implications for the broader region, and for our only true ally in the region, which is Israel, which has very much at stake to lose.

So I ask you what, other than the rhetoric, anything other than the rhetoric, has changed on the ground regarding the nuclear program and ambitions of Iran that should lead us to believe that we should change our position? Is there anything other than rhetoric, tangible?

Mr. DUBOWITZ. Nothing has changed in—fundamentally changed in the rhetoric, I would argue. The nuances have changed. The nuclear physics have changed. Iran has advanced its programs significantly.

I think what has changed is there is a sense now in Iran that they can have their cake and eat it, too. They can have a nuclear weapons program and a buoyant economy—

Mr. PERRY. Let me redirect—

Mr. DUBOWITZ [continuing]. Except for—I am sorry, just to finish—that was the choice.

Unfortunately the negotiations at Geneva are showing the Iranian regime that they can have a nuclear weapon, and sanctions relief, and a stabilized economy that gets the oil flowing. And then Supreme Leader Khamenei can do what he has always wanted to do. He wants to be a regional power; he doesn't want to be the Persian equivalent of North Korea.

Mr. PERRY. My question, I guess, should have been very clear: What has changed for us? What would incentivize us? What would motivate us? I know what is changed for them. What is in it for us? Aren't they still buying time? Aren't they still enriching? Why don't we require them as a minimum standard to dismantle their

military portion of it, knowing that they could enrich to very low levels and create power if they wanted to and have no military application. Shouldn't that be our minimum standard? What has changed in that calculation for America?

Mr. DUBOWITZ. Congressman, nothing has changed.

Mr. PERRY. Thank you. I yield back.

Chairman ROYCE. Thank you.

We go to Mr. Juan Vargas of California.

Mr. VARGAS. Thank you, Mr. Chairman.

I would like to say Vive la France. Vive la France. Thank God for the French. They saved us on this one.

Mr. PERRY. It is unfortunate.

Mr. VARGAS. It is unfortunate, no, but thank God for the French. It is interesting how the French really stepped in and say, what are you guys doing? This is not enough. You can't trust this deal. And I completely agree with them.

I mean, it seems to me if you really want to get a deal, you have to get the ultimate deal first, and that is you have to agree, you and Iran have to agree, that you can't get a nuclear weapon, that you can't have the nuclear weapons program. Let us agree to that first, agree to that; then we will agree to the interim program. Then we can talk about what we can do to get there. But agree with that first.

But I don't think they will ever agree to that, because I think that is what they want. I mean, it seems almost ludicrous to me to think that they want anything other than that.

Their nuclear program is interesting because it actually began back in the 1950s, and the United States was the one that helped them. That was the Atoms for Peace program, I think it was called. We were the ones that first got involved with this nuclear program with the Iranians. And they wanted to develop energy, of course, and now it has taken on a very new dimension since the revolution there. And I think it is ludicrous for us to think that they are trying to do anything other than that with this program.

One of the things I was going to—and I do want you to talk about is this, because I don't think most Americans get this. When I talk to people about this, they say, well, they need this fuel, that is why they are doing it. No, they don't. You mentioned 19 countries, but could you explain more specifically why they don't need to enrich to this level, because many, many countries have nuclear programs, nuclear energy, and they don't do this.

Mr. DUBOWITZ. That is exactly right, Congressman. So, again, there are 19 countries in the world that have civilian nuclear programs, they buy their nuclear fuel from abroad, and the economic assessments that I have seen actually demonstrate that it is more expensive for Iran to power a civilian nuclear program with its own domestic enrichment capability or plutonium reprocessing capability than it would be to buy nuclear fuel from abroad.

So it doesn't make economic sense. It certainly hasn't made sense at all, because they have been under punishing sanctions that have really put severe stress on their economy, though those sanctions haven't been crippling enough to actually change their fundamental calculus. And so one wonders why they continue to persist in this program. If this program is for civilian purposes. It makes no sense

economically, it makes no sense politically, but it makes a whole lot of sense if your goal is to build a nuclear bomb, and to have regional power, and to achieve regional hegemony, and to threaten your neighbors. Then it makes a lot of sense.

Mr. VARGAS. And that, to me, sounds absolutely obvious. Why would they allow themselves to go through these sanctions when they could very easily say tomorrow, you know what, we are going to give up this program; you know, we are going to give up this enrichment program, we are not going to weaponize. Instead we just want peaceful nuclear energy. We just want nuclear energy to run the lights here in our country. They could do that tomorrow and not go through these sanctions that are—they are not crippling, but are going to damage their economy.

Mr. DUBOWITZ. Well, that is exactly right. And you would also ask, well, why have you engaged in decades of nuclear deception? Why haven't you come clean with the international community on these possible military dimensions of your program? Why have you lied? And since you have lied, how can we actually believe in your promises of transparency going forward?

I mean, it gets back to this old issue which we don't even talk about, at least I haven't heard this discussion, what does the safeguards regime look like? What does the verification and inspection regime look like postdeal?

And by the way, when the Iranians engage in strategic incrementalism, which is known as incremental cheating, what is our response going to be? So they don't let inspectors into Parchin 2, Parchin 3 and Parchin 4, okay, or they block access to certain critical facilities where they are manufacturing centrifuges, et cetera, et cetera. What are we going to do as the United States of America to ensure those inspectors get to see what they want to see, and that the Iranians are not engaging in cheating and diverting their enriched uranium for military purposes?

I would contend to you, sir, that a lot of experts at that point will say to you, that is when we are going to use military force. And I would suggest to you as well that I find that very hard to believe.

Mr. VARGAS. I would, too.

Mr. DUBOWITZ. And not credible.

Mr. VARGAS. Especially where we are right now. That is why I think we have to get the ultimate deal first or no deal at all. Then you can negotiate the interim. But until we get there, I don't see how we can have any kind of meaningful deal that is verifiable or enforceable. So again, in light of that, I would say again Vive la France. Thank God for the French on this. At least they are open-eyed on this.

Mr. DUBOWITZ. The French are the guardians of nonproliferation. And there is a great editorial in *Le Monde* today, which is the leading French newspaper. I would suggest all of you read it. *Le Monde*, I think, described this very, very carefully and accurately about why the French care so deeply about stopping Iran's march to nuclear weapons.

Mr. VARGAS. Thank you.

Thank you, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Vargas.

We go now to Jeff Duncan of South Carolina.

Mr. DUNCAN. Thank you, Mr. Chairman, for holding a very timely and valuable hearing for the American people to watch and for us to participate in.

Most of my questions were answered. I just don't want 2013 to resemble 1938. I don't want to reach a deal that is so weak that it will resemble the deal, the Munich Agreement, which Neville Chamberlain so aptly said, "Peace in our time"; is so remembered for an agreement which allowed Germany to continue its march to war unfettered. I do not want Iran to continue its march to a nuclear arsenal unfettered.

Chinks in armor. For centuries enemies have looked for chinks in the armor. And I think when a Presidential candidate says that he would sit down with a country like Iran, who Americans know are not sincere, they sit down with no preconditions, I think that begins the chink in the armor. I think when you have weak agreements, that you expand that chink and give the enemy an opportunity to get into the underbelly, the weak underbelly, of a country.

Mr. Rahall mentioned earlier our relationship with Israel, the United States relationship with Israel, and I think you said that it has never been stronger. But, you know, Israel is concerned about this to the point that they have come out strongly opposed to the Obama administration negotiations. In fact, Prime Minister Netanyahu tweeted on November 7th this: He said in his tweet, if the news from Geneva is true, this is the deal of the century for hashtag Iran. And he went on to say, Saudi Arabia has invested in Pakistan nuclear weapon projects with a potential ability to obtain atomic bombs at will. Israel is concerned, and they should be.

Since June when Rouhani was elected, Treasury has issued only two designation notices that identified six people in four companies violating the Iranian sanctions. The Obama administration has also opposed new Iran sanctions, the bipartisan legislation which has passed Congress. We have every right to be concerned. We have every right to hold these kind of hearings to raise awareness and address these issues. I think the panelists have done a great job really identifying the problems and the concerns that we all should have.

So I want to shift gears, Mr. Dubowitz, and just ask you about the gold sanctions implementation just for a minute, because I had an amendment to a bill that came through this very committee which addressed the gold sanctions and specifically Turkey. Section 5(a) of Executive Order 13622 sanctions a person that has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, among other items of purchase or acquisition, U.S. Bank notes or precious metals by the Government of Iran. This is an Executive Order by the Obama administration. Given that any effort to evade or avoid the sanctions is a violation, how many people has the administration sanctioned under this Executive Order, to your knowledge?

Mr. DUBOWITZ. To my knowledge, none.

Mr. DUNCAN. Who specifically has the administration sanctioned for gold or related transactions with the Government of Iran?

Mr. DUBOWITZ. Well, that was hard. That was the answer to my question, none.

Mr. DUNCAN. None. Same answer, none.

So if we are not enforcing these kind of Executive Orders and these kind of sanctions, what kind of weight do they carry, and what signal does that send to the folks in the region?

Mr. DUBOWITZ. On the gold issue it is complicated, but it is instructive for the way forward. That Executive Order was in July 2012. Between July 2012 and July 1st of 2013, when the congressional gold sanctions came into effect, at the request of the administration they were delayed, as you remember, by 180 days. Iran earned \$6 billion worth of gold between July and July to add to its foreign exchange reserves. Now, since congressional sanctions had actually come into effect in July of this year, the gold sales to Iran have plummeted. They have come off a cliff. And the congressional sanctions have been actually very, very effective.

Now, if we are now going to be offering gold sanctions relief as part of some interim measure, we estimate that that gold relief could be worth about \$9.6 billion over a 6-month period. And we get that because the height of the monthly gold sales that Iran was actually accessing last July was about \$1.6 billion per month, so they were at about a monthly high of \$1.6 billion. If they get back to \$1.6 billion with gold sanctions relief, that is 6 months at \$1.6 billion, that is \$9.6 billion, almost \$10 billion worth of gold, which, by the way, is 50 percent of their total fully accessible foreign exchange reserves. So right now they only have \$20 billion in fully accessible reserves. We are about to add \$10 billion to the \$20 billion and give them \$30 billion in accessible reserves. That is the price of sanctions relief in exchange for incremental nuclear concessions that buy them economic runway and don't give us the opportunity to efficiently block their nuclear physics runway.

Mr. DUNCAN. It continues to buy them time.

Mr. DUBOWITZ. \$10 billion. It is 50 percent increase in their fully accessible reserves.

Mr. DUNCAN. And from what I hear you saying, the gold sanctions have worked.

And with that, Mr. Chairman, I yield back.

Chairman ROYCE. I thank the chairman, and I thank the witnesses, too. I thank them for their testimony.

And, Members, thank you for being here today. These are critical times for the national security of the United States. And as we have heard, central to these talks is the issue of uranium enrichment and reprocessing. These technologies can produce the explosive material needed for a nuclear bomb, and that is why multiple U.N. Security Council resolutions have reiterated the demand that all of Iran's enrichment activities, regardless of their purpose, must be suspended. Six such resolutions. On this question the world has spoken decisively, and on this question I think our members of the committee have spoken, too.

This hearing is adjourned.

[Whereupon, at 12:34 p.m., the committee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

**FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128**

Edward R. Royce (R-CA), Chairman

November 13, 2013

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live via the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Wednesday, November 13, 2013

TIME: 10:00 a.m.

SUBJECT: Examining Nuclear Negotiations: Iran After Rouhani's First 100 Days

WITNESSES: Mr. Mark Dubowitz
Executive Director
Foundation for Defense of Democracies

Ms. Danielle Pletka
Vice President, Foreign and Defense Policy Studies
American Enterprise Institute

Mr. Colin Kahl
Associate Professor
Georgetown University

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE HEARING

Day Wednesday Date 11/13/13 Room 2172

Starting Time 10:08 A.M. Ending Time 12:34 P.M.

Recesses 0 (to) (to) (to) (to) (to)

Presiding Member(s)

Edward R. Royce, Chairman

Check all of the following that apply:

Open Session

Electronically Recorded (taped)

Executive (closed) Session

Stenographic Record

Televised

TITLE OF HEARING:

Examining Nuclear Negotiations: Iran After Rouhani's First 100 Days

COMMITTEE MEMBERS PRESENT:

See Attendance Sheet.

NON-COMMITTEE MEMBERS PRESENT:

None.

HEARING WITNESSES: Same as meeting notice attached? Yes No
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

None.

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED 12:34 P.M.



Jean Marter, Director of Committee Operations

HOUSE COMMITTEE ON FOREIGN AFFAIRS
Full Committee Hearing

<i>Present</i>	<i>Member</i>
X	Edward R. Royce, CA
X	Christopher H. Smith, NJ
X	Ileana Ros-Lehtinen, FL
X	Dana Rohrabacher, CA
X	Steve Chabot, OH
X	Joe Wilson, SC
	Michael T. McCaul, TX
X	Ted Poe, TX
X	Matt Salmon, AZ
X	Tom Marino, PA
X	Jeff Duncan, SC
X	Adam Kinzinger, IL
X	Mo Brooks, AL
X	Tom Cotton, AR
X	Paul Cook, CA
X	George Holding, NC
X	Randy K. Weber, Sr., TX
X	Scott Perry, PA
	Steve Stockman, TX
X	Ron DeSantis, FL
X	Trey Radcl, FL
	Doug Collins, GA
X	Mark Meadows, NC
X	Ted S. Yoho, FL
X	Luke Messer, IN

<i>Present</i>	<i>Member</i>
X	Eliot L. Engel, NY
	Eni F.H. Faleomavaega, AS
X	Brad Sherman, CA
	Gregory W. Meeks, NY
X	Albio Sires, NJ
X	Gerald E. Connolly, VA
X	Theodore E. Deutch, FL
X	Brian Higgins, NY
X	Karen Bass, CA
	William Keating, MA
X	David Cicilline, RI
	Alan Grayson, FL
X	Juan Vargas, CA
X	Bradley S. Schneider, IL
X	Joseph P. Kennedy III, MA
X	Ami Bera, CA
X	Alan S. Lowenthal, CA
X	Grace Meng, NY
X	Lois Frankel, FL
	Tulsi Gabbard, HI
X	Joaquin Castro, TX

